

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15: BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.5; GERMANY DM 2.0; ITALY 1 600; NETHERLANDS FI 2.0; NDRWAY Kr 3.5; PORTUGAL Esc 25; SPAIN Pta 50; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 200

Income tax cut by £3.5bn • VAT goes up to 15% • MLR increased to 14%

Howe presents his 'opportunity Budget'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A MAJOR SHIFT from taxes on income to A MAJOR SHIFT from taxes on income to taxes on spending, and sweeping cuts in public expenditure, formed the centre-piece yesterday of what Sir Geoffrey Howe, the Chancellor of the Exchequer, called an "opportunity Budget," aimed at widening choice and improving incentives

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The economic outlook over the next year, however, remains extremely gloomy. The Treasury forecasts accompanying Sir Geoffrey's speech project a slight fall in both consumer demand and total output luring the next 12 months.

The rate of price inflation is expected o accelerate significantly for the rest of his year, while the current account of the valance of payments will be neither in urplus nor deficit until mid-1980.

The central theme of Sir Geoffrey's upproach was that the performance of the Sritish economy over the last generation vas not due to shortage of demand but effected a "growing series of failures on he supply side of the economy."

f Government was necessary, based on

four principles:

• Strengthening financial incentives by allowing people to keep more of what they earned.

• Enlarging freedom of choice by reduc-ing the role of the state and enlarging that of the individual.

 Reducing the burden of financing the public sector to a level leaving room for commerce and industry to prosper.

Ensuring that those who took part in collective bargaining understood the con-sequences of their actions, in order to promote a proper " sense of responsibility."

The tax changes proposed yesterday are intended to be only the first step in securing a "substantial change in the way in which our economy is allowed to work." The Budget fulfils several Conservative election manifesto commitments, includ-ing the beginnings of a relaxation of outward exchange controls.

The basic arithmetic is that income tax is to be reduced by £3.5bn in the current financial year, with cuts throughout the range,

The absolute benefits will be largest for those on highest incomes, though at the bottom end of the scale some 1.3m people will not now bave to pay tax who would have been liable if allowances had remained at last year's levels.

These cuts in income tax and a reduction in public-sector borrowing will be financed via a £2.5bn rise in indirect taxes, a £2.5bn reduction in public expenditure. and the £1bn proceeds from sale of publicsector assets.

Sir Geoffrey has taken an obvious risk in such a major switch from direct to indirect taxes at once. The rise in valueadded tax from the present rates of 8 and 121 per cent to 15 per cent will increase the retail prices index by about 31 per cent.

The Budget measures as a whole will add about 4 per cent to the prices index by the late summer, when the 12-month rate of increase is expected to be 16 per cent, compared with just over 10 per cent now. The rate is projected to decline to 131 per cent by the late summer of 1980.

CH	ANGES	MEAN	
NGLE PEOPLE			
Earnings	Old tax	New tax	Tax cut
		£	

WHAT THE INCOME TAX

£	£	£.	E.
5,000	1,265	1,113	152
10,000	2,987	2,613	374
15,000	5,664	4,588	1,076
MARRIED CO	UPLES (no' chi	ldren)	
S,000	1,083	918	165
10,000	2,766	2,418	348
15,000	5.334	4.296	1.038

Sir Geoffrey emphasised that the net effect of these changes in direct and indirect taxes and rises in social security benefits would mean that people would be better-off than before.

He said that for a married couple where the husband earned close to national average earnings of £100 a week, there

Editorial comment Page 26. Lex Back Page

would be a net gain of £1.31 a week.

For families earning £60 a week the gain would be 77p. and for those receiving £150 the net benefit would be £1.96. These gains are in effect being financed by cuts in public expenditure and services.

Sir Geoffrey stressed that these changes marked only the first stage in a major reduction in the burden of direct taxation. He highlighted this point particu-larly for those "who will be involved in pay bargaining in the year ahead."

He warned that any further attempts to cover the price effects of higher-spending taxes by higher pay claims would be " utterly self-defeating.

He said that until inflation was controlled "some check to the growth of output and employment is unavoidable."

The Treasury is, however, not very optimistic about the pay prospects. After an increase in average earnings of roughly 14 per cent in the last wage round, privatesector pay is expected to rise from the autumn onward

Banks predict

dearer loans

Text of speech Pages 18-19.

Details and reactions Pages 20-23.

Features Pages 24-27.

BUDGET SUMMARY Standard rate cut to 30p

SCOME TAX. Basic rate down from 33p 30p in the f, with equivalent cut in 30p in the 2, with equivalent cut in dvanced Corporation Tax. All personal lowances raised: married (and single irent) up £250 to £1,815, single (and earn-g wives) up £180 to £1,165. Age allowance r people over 65: married up £380 to .455, single up £240 to £1,540. Qualifying come ceiting: up £1200 to £1,540. New come ceiling up £1,000 to £5,000. New resholds will take 1.3m out of tax.

IGHER RATES. Threshold for 40 per cent te up from £8,000 to £10,000 (taxable come). Top rate down from 83 to 60 per it, payable at taxable income of £25,000 tween £10,000 and £25,000 new scale of es less steeply progressive than before.

VESTMENT INCOME SURCHARGE. no payable below single new threshold-000 of investment income.

LEASED CARS excluded from 100 per cent capital allowances provisions.

STOCK RELIEF undertakings of previous administration honoured. Two years of deferred tax liabilities written off and profit restrictions for unincorporated businesses eased.

CASH LIMITS on departments and fringe bodies set to ensure economies of 3 per cent on manpower costs this year. Will reduce planned expenditure by about 21hn. In addition, specific reductions being made by Government departments and nationalised industries

PUBLIC EXPENDITURE culs amount to almost £1.5bn this year. Includes cut of £210m in industrial sopport. Support from employment programmes to be concentrated on areas of bigbest unemployment, saving £170m. Savings of over £320m in finance for BNOC and electricity, gas and coal industries. Environment Department saves £440m, mainly by scrapping Community Land Act, deferring water authority is est-ment and reducing allocations to bousing authorities.

Many MPs see it as big gamble

BY RICHARD EVANS, LOBBY EDITOR

SIR GEOFFREY HOWE'S first less Government intervention Budget, which will undcubtedly drew gasps from MPs as he set the guidelines for the mejor announced key aspects of the political conflicts of this Parija-ment, was seen by both Con-servative and Labour MPs as heen polytically realistic in an immense gamble

enthusiasm at a private meeting of the 1922 Committee shortly after his Commons statement, But many privately admitted be had gone much further than they had expected, and they Budget. He described it as "a were by no means certain that reckless gamble" with Britain's the tactic would succeed. economic future, and claimed it of scornful disbellef that tribution of reliefs. Ministers could possibly expect He signalled that the maio the policy to succeed. They Opposition attack would be were convinced that the sharp launched against the decision increase in the retail price index before the autumn wage bigb income earners, and on the

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an immense gamble. Torr backpenchers greeted early as a change in direction the Chancellor with great fore projects bemmed in the Givernment and the Opposition recovered its morale and confidence.

Mr. James Callaghan gave the on's first reaction The Labour reaction was one was blatantly unfair in its dis-

"If the Government believed the lackinstre performance of decision also increases pressure on the building, societies, but no decision about putting up British industry could be overcome with a 3p reduction in in-come tax, then they are living in a world of wonderland," he mortgage rates is expected until the societies meet again on July declared.

This was a universal reaction among Labour MPs, who were convinced that trade union negotiators would have no alternative hut to put in wage claims

how interest rates behave in the inter-bank market this morning before acting. But a move to increase base rates by a mini-mum of 14 per cent seems

to match the 16 per cent inflafor the

A SHARP increase in the cost The Building Societies Assoof overdrafts was being pre-dicted by clearing bankers last night following the 2 per cent. rise in Minimum Lending Rate clation said that the 2 per cent MLR rise would simply make it more difficult for the societies to raise the funds they need for home buyers. "There are alto 14 per cent. The Chancellor's ready mortgage queues at branch offices."

Building societies have been getting a steady flow of funds over recent months, and the May figure amounted to £200ni. If there is to be an increase in the mortgage rate, the likelihood is of a move to a record 13 per cent.

Stewart Fleming in New York tites: Responding to falling

IN RELIEF ON LOANS. Transitional lef on loans taken out hefore March 26. 74 (on second homes) to be extended up April 5, 1982 (instead of 1980). Governut to consider rules on interest tax relief. rticularly for investment in small comnies. All income tax changes backdated Aprit 6. Cost in 1979-80 £3.5bp; full ar £4jon

IT raised to unified level of 15 per cent im next Monday from present rates of 8 d 123 per cent. This will push up Retail ice Index by 33 per cent for an extra bn revenue in 1979/S0 and £4.2bn in a Il year. Result: 280 on hottle of spirits, on pint of beer, 6p on 20 cigarettes.

Dearer petrol

TROL and dery duty raised by 7p a llon and beavy oil other than derv by ip yield of £400m in 1979-S0 and £525m in II, year. With VAT increase, private vinrists will pay 10p a gallon more for troi.

CHICLE EXCISE DUTY on lorries to be structured. Labour's plan to abolish duty cars and switch tax to petrol to be viewed.

INIMUM LENDING RATE raised from to t4 per cent.

INK LENDING-Official corset controls ntinued for further three months to mid-•cember.

DTAL OUTPUT forecast to fall slightly - or next year and trading current account be in rough balance.

ONEY SUPPLY-Target range for growth sterling (M3) reduced from annuat rate 8-12 per cent to 7-11 per cent in 10 onths to April, 1980. Target to be rotled rward by six months next October.

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UBLIC SECTOR BORROWING require-ent cut to £85hn or 41 per cent of GDP the current financial year, compared with high and 51 per cent last year.

VIDEND CONTROL to end when existing gislation expires on July 31.

EVELOPMENT LAND TAX cut from esterday in single rate of 60 per cent from revious rates of 665 and 80 per cent, hreshold raised from £10,000 to £50,000.

APITAL TRANSFER TAX on discre-ouary irusts deferred from April 1980 to .pril 1982.

ETROL BEVENUE TAX rate raised from 5 to 60 per cent (rom last January, British (ational) Oil Corporation no longer semnted.

MALL COMPANIES' profit threshold for 2 per cent rate of corporation tax raised 560,000 (550,000). Upper limit, where 2 per cent rate applies, raised to £100,000. £85,000).

IEF PRICE CHANGES YESTERDAY an unlow otherwise indicated)

ses in pance unless outcomme	[Minterior]	
RISES	Travis & Arnold 227 + t0 Triefus 165 + 8	GUS A
n & Jackson 235 - 1S	Shell Transport 370 + 6	Marks & Spencer 113 - Mining Supplies 95 -
Hallamshire 393 + 11 Hers 223 + 8	FALLS British Land 70 - 4	BP
d Metropolitan 142 + 4 Js Bank 338 + 16	Crosby Spring 30 - 4 Empire Stores 236 - 16 Grattan Warebouses 126 - S	Durban Deep
Vest	Gratian waterouses ind	

RATE SUPPORT grant cut by £300m for England and Wales and £35m for Scotland out of total grant of £9bn. Cuts may be larger depending on future pay settlements.

EDUCATION SPENDING cut by £55m in areas where Government has direct control. Overseas aid reduced by £50m and savings on transport, trade and arts programmes.

DEFENCE-Extra £100m spending this

CONTINGENCY RESERVE for 1979-80 cut by £250m from level in Labour Government's White Paper.

STATE-OWNED ASSETS-Sales this year to amount to fibn. Biggest slice comes from disposal of further part of Government shareholding in BP.

RETIREMENT PENSIONS: Standard rate to go up in November by £6.10 to £37.30 for married couple and by £3.80 to £23.30 for single person. Other benefits to rise (details today). Statutory uprating of pen-sions to be based on price movements, instead of prices or earnings, whichever greater. Pensioners to get £10 Cbristmas bonus. Single parents' child benefit premium up from £2 to £2.50 in November. Mobility allowance for disabled up from £10 to £12 in autumn. Overall cost of these measures about £1.1bn in 1979-80 and £2.7bn in a full year.

WAR WIDOWS' pensions exempt from income tax, as from April 6, 1979.

Health charges up

PRESCRIPTION CHARGES increased by 25p to 45p. Some dental charges to rise. Increases will yield £34m in current year.

EXCHANGE CONTROL regulations relaxed from loday. Up th £5m per project per year now freety available for new outward direct investment. Two-thirds rule restricting re-investment of profits earned ever-seas to be abolished. Relaxations in travel and emigration allowances, purchase of overseas property and cash gifts and payments 10 dependants.

OVERSEAS PORTFOLIOS—Requirement to maintain 115 per cent cover for those financed by foreign currency borrowing to be abolished. Official exchange available for interest payments on such borrowing.

THIRD COUNTRY TRADE-Use of sterling for finance, stopped by Labour Government in 1976, to be restored as soon as details can be worked out.

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20 10 industrial strife inevitable.

to give so much tax relief to round would make conflict and significant impact the measures would have on the cost of living.

But Sir Geoffrey, launching He declared bluntly that be the first Tory Budget for six bad absolutely no confidence years, got full marks for conr- that the keystone of Sir Geofage. His determination to launch frey's Budget-the cuts in direct a fresh economic strategy taxation-would achieve what based on greater incentives and had been predicted.

The Government was taking a

Employment would be hit in

Mr. Moss Evans of the Trans-

Many millions of workers

Continued on Back Page

but

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autumn.

In Mr. Callaghan's view, the small relief in the Budget for low income earners would have dire industrial consequences. "It is upon these people and on their claims that the whole of the income tax structure rates are also to be expected. At present three of the main four clearers pay 9½ per cent for deposits, while Lloyds pays falls, and trade union negotiators will base their claims on

this," he said. Both Mr. Callaghan and Mr. 9 per cent. Denis Healey, the former Chan-MLR last hit 14 per cent for cellor, saw a strong resemthree weeks up to March 1 this blance between yesterday's Budget and the first Tory year, when it dropped to t3 per cent. A further 1 per cent drop Continued on Back Page was announced on April 5.

likely by tomorrow.

The clearers will wait to see

BY MICHAEL LAFFERTY

U.S. interest rates and signs that the economy may be weakening more quickly than This would increase the cost of overdrafts for personal cusmany economists had expected tomers to between 16! and 18! Morgan Guaranty Trust, the per cent-or more if the base rate is increased further. Comfifth largest U.S. bonk, yesterday cut its prime rate from 11; mensurate rises in bank deposit per cent to 115 per cent.

> 6 in New Tork -- June 12 Prévious

Spot |52.1000-1010; \$2.0705-0715 1 month 0.65-0.55 dis '0.15-0.10 dic 3 months; 1.65-1.45 dis : 0.77-0.72 dia 12 months; 5.05-4.85 dis : 5.00-2.90 dis

Union leaders warn of high pay claims

BY CHRISTIAN TYLER, LABOUR EDITCE.

A WINTER of high pay claims Mr. David Basnett, general was unanimously forecast by secretary of the General and trade union leaders last night Municipal Workers Union, said as they looked at the cost of the unions would respond both Budget in terms of prices in the politically and industrially to a

shops. It was the fiercest union re-attack on the quality of life in action to a Budget for many Britain." They would renew their years, spelling trouble for em- campaign for the defence of ptoyers in the next wage round public services and would defend and the start of a TUC-led cam- members' living standards and paign against the Government's jobs. economic policies.

"reckless gambte" with the There were calls for politica? economy, he added. and industrial mobilisation against what the unions des-Millions of trade unionists would be struggling to make cribed as an attack on living standards, social services and ends meet by the end of the year jobs. What form the campaign because of the "massive" jobs. What form the campaign because of the "massive" might take could emerge today increase in VAT on top of when the TUC economic com- already rising prices, and the mittee meets to review the possibility of inflation of between Budget. I6 and 20 per cent.

The Chancellor was accused of over-estimating the off- the private as well as the provi-setting effect of his tax cuts sector. The evidence of previous tax cutting Budgets was that The Chancetlor was accused on workers' wage expectations. tax-cutting Budgets was that Few union leaders would they did little or nothing to offquantify the coming claims, but set wage expectations, Mr. predicted that negotiators Basnett said. would at the very least, seek port and General Workers' Union would not put a figure to keep pace with an inflation rate which now looked like rising to 16 per cent or more by on wave expectations, the end of the year. warned that the rise in warned that the rise in VAT, The Chancellor's warning that attempts to retrieve the which he described as a "snocker," and in mortgage rates would worry working price effect of his increase in Talcs VAT would be self-defeating people. and would only increase unem-ployment went targely ignored.

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the provision of loans to corporations and foreign govarnments. If you're looking for a way into Japan, keep Sanwa Bank in mind. We offer an

exceptionally steady growth record. all the strength and experience of a long-establishe homa base, plus a freshness of approach to international banking that is reflacted throngbout our overseas natwork. Wa look forward to dealing with you.

	FINANCIAL HIGHLIGHTS (Man	:h 31,1978]
	AT THE YEAR END of YES	in millions of USS
	Total Assets	\$50,140
	Deposit:	
	Loans and Bills	
	Oiscounted	29,081
	Paid-up Capital	401
	FOR THE YEAR ENOED	
	Operating Income	2,503
1	Operating Expenses 572,739	2,576
	Operating Profits	233
	Ner Prolits	
	(Before Tax)	251

(Before Tax) 55,880 (Yen amounts are converted into U.S. dollart at the rate of ¥222,35 at of March 31, 1978)

😞 sanwa bank

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EUROPEAN NEWS

Financial Times Wednesday June 13 1979

Gold price forecast to

top \$240 this year

TIMES

WORLD GOLD

IN THE

1980'S

CONFERENCE

Grenfell. He attributed this to

Special drawing righta had

TURKEY'S 43 PER CENT DEVALUATION

Lack of anti-inflation policy attacked

BY METIN MUNIR IN ANKARA

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anti-inflationary measures in the latest stage of the Turkish stabilisation programme has regular and super-grade petrol given rise to doubts among went up by 29 and 25 per cent economic observers here about respectively to TL22 and TL25 the success of the latest 43 per per litre. This was the second cent Turkish devaluation.

sure. It is expected to open Western states and banks, totalling \$1.75bn this year.

Fund and a letter of intent are credit ceiling and limits to be set for the public sector deficit — two probable ingredients of any austerity package to be agreed with the IMF.

For the import of crude and fertiliser, and the export of popular. However, he could traditional agricultural cam- not make a convincing defence

Move to name

LUXEMBOURG-Grand Dake

Jean of Luxembourg was yester-

day asked to name a Social Christian, M. Pierre Werner,

Prime Minister-designate follow-

ing Sunday's general election.

Mr. Jacques Werner, the Social Christian president, put

the request when he went to the

ducal palace with presidents of

The Social Christians won 24

seals to become the largest

party in the 59-seat Parliament.

Reuter

mation of a new government.

new PM for

Luxembourg

THE LACK OF comprehensive modifies, a different parity of of bis 17-month-old administra- Minister of Finance, TL35 to the dollar will apply, tion's fight against inflation, Yesterday the prices of estimated to be running at 70 Yesterday the prices of per cent. price increase this year. Prices

The devaluation was olade of other petrol products are under sustaioed Western pres- unchanged. Wine, beer and spirits, which the way to aid and credits from are under state mooopoly, increased in price by between 30 per cent and 64 per cent,

At the same time, while Mr. again for the second time this Bulent Ecevit, the Turkish year. that a new stand-by agreement about 30 per cent, for iron and with the International Monetary steel products are expected to steel products are expected to ing. he announced shortly. FurMcrclose to completion, he was un- more, the Government has able to give details about any maintained the system of export rebates in order to help boost exports of manufactured products. Mr. Ecevit yesterday de-

increases. Wages in the private sector have been going up by an averfended the moves, which are bound to be extremely unage of more than 100 per cent. Mr. Ziya Muezzinoglu, the

working out a ruling formula

to govern the country after the new Parliament assembles a

and the bargaining will he com-

mum advantage from their

improved performance in both

polls, at the expense of the

Christian Democrats and Com-

plicated by the desire of the

week today.

the other parties to discuss for- smaller parties to extract maxi-

iniinists.

scheduled to fly to Paris last night, where he is expected to band a letter of intent to the Mr. Ecevit believes the inflow IMF. Talks have been in pro

of programme credits will ingress in Paris for the past fortcrease manufacturing capacity, oight between the Turkish thereby bringing about a demand - supply equilibrium which will curb inflation. Government and Fund on a new standby agreement, which is understood to be near comple-Anticipated increases in savings tion

and revenue from the series of Mr. Suleyman Demirel, the price locreases, he argues, will former Prime Mioister, accused curb money supply. However, he has no specific wage or price Mr. Ecevit of "turning the Turkish lira into a rag" by repollcy, neither has he said whether a limit has been impeated devaluations

Mr. Demirel, chairman of the posed on central hank borrowmain opposition Justice Party. is preparing a series of censure In the absence of tight money motions to overthrow the Gov control, and price and wage ernment before Parliameot restraint, it is difficult to see ecesses for four months on how inflation can be curbed, Julv 3. particularly in view of the recent devaluation and price Gunaydin, the mass-circula

tion daily, yesterday started a new colum inviting its readers to write and explain: "Why are we sulky, and bowed?" our heads

Nuclear embargo worries Swiss

By Bril Khindaria in Geneva

THE CANADIAN embargo on natural uranium supplies to Swiss nuclear power plants is threatening electricity supplies, says the Swiss Government. Since 1977, Canada has

embargoed uracium supplies to some countries pending renegotiation of nuclear co-operation accords to include tighter nonproliferation safeguards.

Replying to a question in Parliament, the Swiss Government said that the country has enough nuclear fuels to run existing nuclear power statioos for at least two years. Natural uranium supplies are also guaranteed uoder commercial contracts until the mid-1980s and the 15 per cent shortfall caused by the Canadian embargo has been made up from other sources for the time being. But

the embargo will cause barm in the long run. Switzerland is conducting an

ntensive programme to develop indigenous uranium supplies to reduce dependence nn foreign Research has shown ources. that the southern and eastern Swiss Alps may be rich in uranium but a commission of experts has said that it is too early to judge whether the deposits can be commercially exploited. The Government has amhorised further research during the next five years to

study the extent of deposits and the feasibility of exploitation. The Canadlan embargo will seriously affect the Swiss nuclear energy programme if it is prolonged beyond the 1980s. Switzerland has three functioning nuclear plants and a fourth

will soon become operational. Construction of three other plants has been blocked temporarily hecause of opposition from people in the surrounding areas

THERE IS no doubt that this year's average gold price will exceed the 1978 level, prohably reaching more than \$240. This was claimed in Montreux yesterday at the Financial Times conference "World Gold in the 1950s" by Mr. Rndolf Schrieber,

head of the precious metals department of Credit Suisse. Although prospects for the current year were obviously influenced by a new record volume of physical supply, he said, counter-halance would be provided by weighty interests on the demand side.

Mr. Schrieber, who said that some two-thirds of the annual supply of physical gold today passes through the bands of the hig Swiss banks, pointed out that there had been a virtually the unwillingness of non-dollar countries to allow their cur-rencies to take up a reserve uninterrupted rise in industrial demand. He forecast that this year this would increase by rolė. some 5 per cent to about 1,300 been " a complete flop " in this connection, be said, with a share tonnes.

An estimated 430 tonnes would remain for investor and

of only 5 per cent in total reserves. However, Mr. Forsyth stockpiling requirements. With regard 10 industrial use of the gold, Mr. Robert Guy of N.M. Rothschild, saw a signisuggested that non-dollar cur-renciea would in time play a more forceful role in central bank reserves, with a corresponding decline in the sbare of gold from the 50 per ficant reduction in demand this year, however. European industrial consumption, which cent at present. Mr. Schrieber bad said appeared It might prove imprudent not to be strengthening in 1979, to invest in gold, said Mr. M. Carstensen, of the Dresdner was claimed by Mr. Guy to be dowo by 5-10 per cent.

Bank. Private enterprise con-tinued to look at gold as monetary instability continued. Despite this, and the continuation of supplies to the market at a higb level, be said the slack There was a growing need to had obviously been taken up by "investment - cum - speculative" demand, This had hen evidencad diversify Investments, but partly due to regulatory restric-tions, European portfolios had by an increased offtake by longdisproportionately small shares of gold. Some pension funds, he said, were now starting to conterm investors and by the shortterm speculatora, particularly on the futures market. Investor sider the possibility of holding demand was also reflected in the gold sale of gold coins. For all practical purpose

In the long term, Mr. Guy demonetisation of gold said he took a bullish view of taken place, it was stated in a paper read for Mr. Richard the gold price. While an uninterrupted move through \$300 Cooper, U.S. Under-Secretary of last year would have caused State for Economic Affairs, nor total disruption in the foreign would it ever be remonetised. exchange markets, with a con-sequent collapse in world trade, Gold was an " appendix left over from an obsolete monetary in 1979 a rise through \$300 could occur, if not with total equanimity, at least with the support of the many positive attributes of the market." system." had shown no interest in buying gold in the free market reflected their recognition that it was an unsuitable medium for inter-Gold currency accounts for about 50 per cent of the world's

national payments. official reserves, it was stated by Mr. John Forsyth of Morgan

BY JOHN WICKS the intended pooling of gold FINANCIAL

under the European monetary system seemed to have as its principal reason that gold was not otherwise usable in official transactions.

ind in the second

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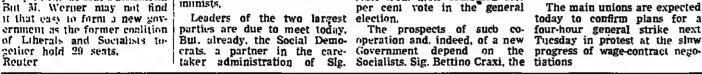
= Supplies of newly mined gold should remain stable over the coming decade, according to Mr. Christopher Glynn of Consolidated Gold Fields. Private demand should rise by some 3 per cent a year. Mr. Glynn put the annual price increase at some 4 per cent in real terms, although he said this could be a conservative judgment, should there be, for example, a renewed official price for gold, or should growth potential of the gold share in private portfolios have been underestimated. With regard to Soviet output, Mr. Glynn said the USSR would be able to sell more than 300 tons a year from the present pro-duction for several yaars.

Japanese gold demand may prove very strovg, particularly for investment purposes, said Mr. Toshio Watanabe of Tanaka Kikinzoku Kogyo. "I helieve that it will be much higher in the future than you all may imagine," be aaid. In 1978, total net supplies to Japanese market were 155.9 tons Major demand of 67.3 tons for jewellery last year was likely to increase. Some 41.3 tons was assumed to have been sold for investment and hoarding, a certain quantity of thia having been smuggled out of the country. He put total Japanese boarding now at no more than 100 tons.

The future for gold mining shares in the 1980s was very good, particularly as a form of short to medium-term investment in gold, said Mr. Philip Taylor of Rowe and Pitman. The current bull phase in the market was now about three years old, and under normal circumstances could be expected to be heading for a peak fairly soon. However, the whole outlook had been changed changed by the con-tinuing oil shortage and price "It seems, therefore, increases. that gold shares will remain in strong demand for some time to come, and the share market still has some way to go up."

Mr. Cooper's paper stated that

"Better go Gulf Air.



Italy turns to Cabinet-making BY RUPERT CORNWELL IN ROME WITH NATIONAL and Euro- Ginlio Andreotti, have served Socialist Party secretary, is

Social

The

pean elections behind them, notice that they will be increas-ltaly's political parties have ing their demands. The begun the ardious process of Republicans have come out present, giving no clue of his intentions, insisting that the first move must come from the Republicans have come out Communists and Christian against a suggestion that the Democrats. minority administration should

> into account the divisions within his own party, a vociferous wiog which wants to move in tandem with the Communists. For that reason, he is likely to wait until the Communists have appealed last night to the declared that they will go into Republicans. Socialists and opposition, before seeking an Liberals, to work with them to gain as much leverage as posaccommodation the with Christian Democrats.



Italians face increased costs for heating

The fact that central banks

ROME — The Italian Govern-ment will raise the price of heating oil and diesel fuel but from the current price of L137 the petrol price could remain a kilogram. unchanged if consumption is reduced charpin account of the current price of suffering petrol price could be left unreduced sharply, according to Gluseppe

The price increase is expected to be decided at a meeting of the

subsidies.

onsumption is Italy already is suffering according to from a moderate shortage of Ammassari, heating oll and diesel and some

short periods. A price rise could

to sell it on the Italian domestic

encourage holders of the product from the similar period of 1978.

AP-D.

changed if demand were reduced this year by 10 per cent from Sig. Gluseppe Ammassari, heating of and ucser and solutions the solution of energy filling stations have had to shut 1978. However, petrol consump-

(M)

actually rose hy 10.1 per cent

Sig Craxi is obliged to take be permitted to stay in office So far there have been no on a temporary basis until indications of any consensus after the Christian Democrat of congress, due in the autumn. Democrals

sible from their combined 18.5

The main unions are expected today to confirm plans for a four-hour general strike next Tuesday in protest at the slow

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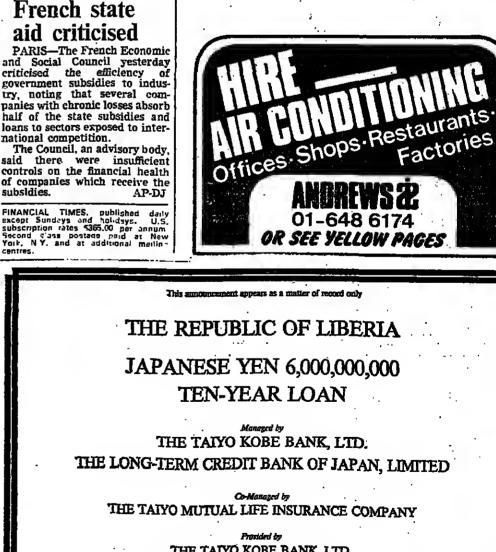
*From 16th June.

†Gulf Air is a member of 'La Confrerie de la Chaine des Rotisseurs'one of the world's oldest and most famous gastronomical societies.



Bettergo

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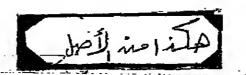


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April 23, 1979



EUROPEAN NEWS

Schmidt to seek Threat of bankruptcy international looms action on energy

BY JONATHAN CARR IN BONN

HANCELLOR HELMUT CHMIDT will press at this onth's European Community id Western economic summit eetings for a new, pordinated international effort avert a looming energy

Despite the outcry following e Harrisburg reactor accident the U.S. and in the face of rong nppositinn within his vn Social Democrat Party SPD), Herr Schmidt will urge idorsement of the further velopment of nuclear power. Other proposals will include e drawing of non-oil developg countries into a new alogue between the oil proicers and consumers, a much tensified research and investent drive inth energy savings ethods, and a big increase in e search for, and development , new energy sources. Many of these themes have

sured in national and interitional programmes for years thusiastic about efforts to con-st. However, Herr Schmidt trol the Rotterdam apot market ded a new stimulus to turn ords into deeds. He is said to bave been

rengthaned in that conviction ith President Jimmy Carter. subsidise some oil imports, essential at least for a transi-i the grounds that, more tiocal period lasting decades, iportant energy issues are international accord on that volved, on which aupport point would arm the Chancellor om Waahington seems likely. with powerful arguments in The West German side is hop- advance of the SPD congress in g that a co-ordinated approach in be reached by the European ommunity countries at their coal reserves. Herr Schmidt has uncil (summit) meeting in recently expressed doubts prirasbourg next week, thus in-easing the prospects for sucss at what appears increas-

Particularly close co-operative carbon dioxide production forts are thus underway with could. over decades, cause the French, who currently chair climatic change with serious he West Germans are unen- quences.

Swedish plans to import

BY WILLIAM DULLFORCE, NORDIC CORRESPONDENT

coal on a large scale



Chancellor Helmut Schmidt

early feels that the latest oil in nil, such as the French proarket difficulties bave pro- pose. But this is said to be a very small area of discard in a policy field where the two governments largely see eye to eye. Herr Schmidt's support for his recent talks in the U.S. atomic power stems from his ith President Jimmy Carter. belief that whatever new sucence, the West Germans have cess may now be achieved in en playing down their the acarch for alternative iticism of earlier U.S. action sources, nuclear every will be

December, Despite West Germany's large

vately about markedly increasing use of the fuel. His attitude appears grounded igly to be turning into a West- in fears recently underlined "n "energy" summit confer- bere by the scientist and energy ice in Takyo at the end of the expert, Dr. Carl Friedricb von

e EEC Council nf Ministers. economic and political conse-

EVERY THURSDAY just hefore mid-day eight men gather in the porch of Valencia cathedral to bold an informal tribunal. All are old; farmers, passing jndge-ment on the complex and unique-haritage of law conversion the over cities By David Gardner in Madrid MAYORS representing Ppain's 20 largest cities met Sr. Adolfo Snarez, the Prime Minister, yesterday in a bld to solve the financial crisis

The existence of this tribunal for over 1,000 years has been fundamental to agriculture in the region, the market garden of Spain.

Among their demands were that the state absorb the municipal deficit in its en-treaty, and to provide the newly elected eity authorities with at least a quarter of this year's national public spend-ing allowance To commemorate this extra-ordinary court, and more par-City. ing allowance. The Socialist Party. the

main winner of last April's municipal elections, was due to defend this view in Parliathem.

course of debate on the 1979 budget, postponed for six months because of the spring However, the present court Spain's town halls are expected to reach the end of the year with a combined debt of some Pta 400hn (£2.9bn)that is to say, twice this year's public spending allowance, of which they will receive only

When it was consecrated, only Barcelona is the worst affected, with debts in excess of Pta 60bn (£437m) and an expected deficit this year of Pta 11.9hn. Madrid has a debt of Pta 43bn expected to rise in Pta 58bn hy the end of the

The issue is deeply political, as well as financial. Socialists, highest. **Communists and Nationalists** won control of 28 of Spain's 30 laregst cities last April, in the country's first full municipal elections for 46 years. This came only five weeks after the re-election of Sr. Suarez's ruling UCD party for

ticularly serious view of the mutual support pact between

the Socialists and Communists. which assured the Left of effective victory. The newlyelected mayors now believe that the Government is retaliating by tightening the

financial screws. A more deen-rooted cause is that the pumlation of Spain's cltics bas shot np during the industrialisation that has taken place since the Civil War. More than balf the rural ponulation has moved into the cities. Municipal budgets have not

threatening several of their

municipalities with bank-

ment yesterday evening, in the

ruptcy.

elections.

9 per cent.

a four-year term.

уеаг.

kent pace with this growth, while town halls have been called upon to provide an ever-wider range nf services.

Valencia's 1,000-year-old irrigation rules still work, Robert Graham reports Water laws to run Spain's market garden

heritage of laws governing the use of water around Valencia.

ticularly the centenary of the special codified Valencia water laws, major celebrations are being held this week in the

Valencians like to regard their water tribunal as the oldest extant court in Europe. It was probably started under the Romans, for the main irrigation systems were initiated by

and its laws are a legacy of the Arabs, dating from around 960. The court illustrates how the Christian Spanish conquereors absorbed Moorish practice. For instance the present cathedral is on the site of an old mosque.

persons baptised were allowed enter. Thus it was necessary to enter. Thus it was necessary adjoining the irrigation chan-to hold the court nutside to be nels. From each of these eight able in try for abuse of water associations nne magistrate is rights those Moors who elected to sit on the tribunal. remained. The court begins at The magistrates must be men midday, a reminder of the who do not merely own land-ancient practice of timing the they must work it and be known start of the day from the to ba "citizeos of good repute." noment when the sun was at its They must possess a minimum

vived all efforts to incorporate shout \$31 square metres. it into the Spanish legal system. The Government took a par-

were built and an extensive feeder system evolved. It now

Business 3

HREE SWEDISH concerns are iron mining company, which has To alleviate the burden, arcelona and Madrid town

increasing pressure placed on water resources by the major urban centres. This applies even in Valencia. The basic problem is that the

A Spanish grower tends the trees in the rich fruit-growing area of the Huertas Valenciana.

returns in Spain

users' association formed from among the farmers of the land

(about a farthing). land holding, which is a pecu-

The court was considered so liar Valencian measure known useful an institution that it sur- as a henegoda equivalent to Because of inberitance divi-It grew from the need to make, sions the land has been par-the most of the fertile soil celled ont. But no parcel may of the Valencia plsin which is he less than 1 henepada, conwatered almost entirely by nne sidered the minimum viable relatively small river, the Turia. unit. There are over 17,000 far-From this river eight main, mers, according to Sr. Vicente or mother, irrigation channels Giner, secretary of the board

of the River Turla. The magistrates originally

vegetable crops a year with a mitted orally. Even now the principle that water should have production worth some \$700m. proceedings are never written. priority for drinking purposes. The land has among the highest The reason for being taken to then agriculture and finally any-

thing esise. They were extended with nels, or use of water out of some success to cover the turn, in excessive quantities or different needs of citrus growwithout consent of adjoining ing on slightly higher land in users. the Valencia region. These citrus groves account

no appeal against the punisb- for some 50 per cent of total ment which is always a fine- Spanish citrus exports, requir- ment. still measured in the old ing only four main irrigations a Valencian pound, an lliure year.

The citrus groves are watered In the past 30 years the court through bored wells which are has been less active because the privately owned. The water on construction of dams and catchthe other band that goes through ment areas in the bills behind the main irrigation system to Valencia has assured a more the vegetable farmers is public, is also working on a set of regular supply of water. How- Because around Valencia guidelines for the priorities of ever, fear of heing demounced there has been an historic com-water use. and appearing before the court munity which has had a vested (denunclations can only be and uniform interest in the fair made by fellow farmers or a distribution of water, this indispecial watchman) does carry a vidual system of supply and priorities: Drinking, agriculture stigma in this close-nit com- control has worked. and lastly industry. But already munity and therefore acts as a The same cannot be said of industry seems to have wormed

the rest of Spain. In a country deterrent The Valencian water laws where water supply is so valu- it will be hard to reverse this allows the land to grow four enforced laws that were trans- themselves were based on the able, it is remarkable that water

bulk of water supply is in the hands of private companies which operate on concessions granted by municipalities. Such concessions include treatment of water and on occasions extend to extraction, though all dams and reservoirs are public.

Thus in the industrial boom of the 1960s there was insufficient public control, nominally through the Public Works Ministry, over the use of water,

policy has been so poor. Moreover, policies which have worked well until now are

becoming obsolete as a result of rapid industrialisation and

The result has been exposed in the coastal resort of Benidorm where tourist facilities have been allowed to be built without adequate provisions for water, and perennial crisis reigns. Last summer the navy was obliged to bring in special supplies.

In the Canaries private groups have been allowed to exploit the aquafers, and this, combined with excessive tourist building, has led to a black market for water. Poor control of scarce water in the Canaries has seriously damaged the island's future develop-

The Ministry of Public Works, recognising the problem, is now working on plans to rationalise water ownership and supply so as to spell out clearly the relationship between the state and private interests. It

Several ecologists argue that the Government should adopt the old Valencian order of

its way into second place and position.

PHILIPS Equipment Philips have the office of the future now...to empty your trays.

court include failure to main-Each mother system has a tain properly irrigation chan-Judgment is final and there is

w company to import coal on electric Power Board and large scale. They envisage ivestments in foreign coal proaction and in the construction new harbour installations in weden.

The background to the move idicated recently that Sweden aight need to raise coal imports 9m tonnes a year during the st decade.

Sydkraft, a private power utility. Mr. Kurt Lekaas, the LKAB director responsible for the project, sold yesterday the time bad come to switch from

planning to action. uncertainty about future He named Australia. Polaod ipplies of oil and nuclear and the U.S. as potential sources nergy. The Government of coal. Local interests in all three countries had been approached with the idea of forming joint ventures with Swedish concerns to mine coal.

halls are considering a majnr public deht issue, and even the possibility of raising in-ternational mans. Irish power warning

IRELAND faces power cuts next winter, because so many house bolders bave scrapped oil-fired central heating systems in favour of electricity, according to Dr. John Kelly chief executive of Ireland's Electricity The latest oil price increases Mr. Lekaas pointed out that re particularly severe on imports of Polish coal would weden, which obtains 70 per enable LKAB to raise its iron ent of its energy requirements ore exports to Poland, while rom imported oil. The initiative in forming the row coal company has come which at present carry Swedish rom LKAB, the state-owned ore to the Far East.

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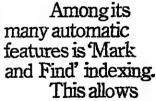
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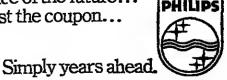
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Financial Times Wednesday June 13 1979 AMERICAN NEWS

Senators back synthetic fuel Bill

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

A BIPARTISAN group of all of us, the President, the it could make a mockery of its senators has proposed legisla- Congress and the oil com- current attempts to enforce partition that would envisage the panies." U.S. spending up to \$5bn in Its main provisions entail On the House side, parallel of a major effort to develop the substantial expenditure on coal legislation has already been in- si

production of synthetic fuels. Sponsors of the Bill, which brings together a host of items that have ben advanced before by either the Administration or individual members of Congramme. gress, claim that it could cut

the level of U.S. oil imports by as much as half over the next decade. Senator Henry Jackson, the as evidence of the willingness of leading sponsor and chairman at least some influential Senators of the Senate Energy Committee described the legislation problem, but the Government tee, described the legislation

ree, descrined the legislation promein, but the covernment on companies as as a "mohilisation effort" and also wants to get a clearer idea higher oil prices said it bad been compiled be- of how much the whole by domestic decom cause "the country is made at programme would cost. It fears pricing decisions.

substantial expenditure on coal gasification and solvent refined coal projects, geothermal ven-tures, urhan and industrial troduced under the aegis of Congressman Jim Wright of Texas, the number two Democrat in the waste conversion plants and a fuel cell demonstration pro-House. He briefed the White House on his package last week. Meanwhile, the House Ways.

The Administration's reaction and Means Committee, in preto date has been somewhat mixed. liminary deliberations, showed On the plus side, the Bill is seen signs of toughening, rather than as evidence of the willingness of softening, President Carter's proposed 50 per cent tax on tha windfall profits accruing to the oil companies as a result of higher oil prices brought about by domestic decontrol and OPEC

The committee voted down, on party lines, a Republican attempt to endorse the profits tax as originally proposed by the President and theo accepted a pair of Democratic amendments that would increase the profits tax rate on marginal oil and would delay phasing out of the tax on so-called "old" oil discovered before 1973.

IN LI L

hop

The intention is to push the windfall profits tax Bill through the House before tha July 4 recess. But the Senate timetable, with the powerful Senator Russell Long of Louisiana exerting his considerable influence on behalf of some amelioration on the tax bits on the companies, is much less certain.

GM recalls

20,000

vehicles

U.S. sales fall a second month

BY DAVID BUCHAN IN WASHINGTON

in May for the second consecutive month, according to the Commerce Department. The May decline of 0.2 per cent in consumer spending follows a much larger drop in retail sales in April, now put at 1.1 per cent. Much of the decrease was put down to flagging sales of domestically produced cars, while purchases of more fuel-efficient imported cars have risen.

The two-month decline in retail sales is by no means conclusive, hecause monthly figures 15 per cent of the cost of new

1977-January 1978, and as such is undoubtedly a pointer. With business spending expected to offset some of the decline in consumer expenditure, the Administration has in fact for the past few months been hop-ing for some slowdown in the economy, if only to moderate the rate of inflation.

inflation-trouhled sectors, bous- much the worst problem, is very ing. Wood accounts for about largely out of the Administration's control.

Panama Canal vote postponed

BY OUR U.S. EDITOR

THE DEMOCRATIC leadership bas again postponed a critical

It did so, officially, because It said it did not want to saddle President Carter with a nasty foreign policy sethack on the eve of his Vienna summit meeting with Soviet President Brezhnev and, practically, because it was far from clear that the Administration's pre-ferred compromise Bill would carry the day.

The intent of the opponents White House in a last-ditch of the House of Representatives of the Panama Canal treaties attempt to solidify support. He bas been, by offering alterna- said that if the implementing tive legislation, leaving Panama legislation were not passed, "it bas again postponed a critical day of the legislation, leaving Panama legislation were not passed, "it ive legislation, leaving Panama legislation were not passed, "it bearing the full cost of the will be very difficult for us to Canal's operations for the rest join in the operation and of the century, to render last defence of the Canal between year's treaties unacceptable to now and the end of the century. The U.S. would bave violated its

word of honour . . . and inter-The latest twist in the opposition's tactics has been to national law," allege that Panama is partici-Renter adds from Washington: pating actively in what it Refiter adds from washington: describes as the "terrorist campaign" to unseat General extend quotas on imports of Anastaslo Somoza, President of specialty steel for eight months,

Nicaragua. On Monday night, Mr. Carter. The restraints are due to expire invited 75 Congressmen to the at midnight tonight.

RETAIL SALES, a major force are volatile. But it is the first bouses, and President Carter in the U.S. economy, declined such decline since December has now directed his Interior and Agriculture Departments to increase timber harvests from national forests and public lands hy 1bn to 3bn board feet in tha next two years.

Mr. Alfred Kahn, the Presi-dant'a chief inflation adviser, described the move as "an im-portant contribution to easing the rising cost of bousing." Co-incidentally, food prices at the The Administration also incidentally, food prices at the moved this week to try to curb wholesale level have hegun to price rises in one of the most decline, but the cost of energy,

Nearly 20,000 General Motors cars are being recalled because of possibly defective brake lights, automatic con-trols and transmissions. according to GM officials, AP reports from Detroit. Two separate recalls are being made. About 15,300 large, medium and small passenger medium and small passenger cars and light-dnty trucks-all 1979 models assembled

matie controls—are being re-called becanse of faulty brake lights and automatic controls. The second recall is for about 4,200 Chevrolet Monzas, Pontiac Sunbirds, Olds-mobile Starfires and Buick Skybawks. In these cars, the engine oil pressure switch may bave an electrical short circuit, allowing the engina to start Itself before the ignition ia furned to the proper starting

daring Jannary with auto-

position. Canada freeze

Mr. Sinclair Stevens, presi-dent of the Treasury Board in the new Canadian Government, has frozen civil service recruitment until mid-Angust at the earliest.

Meanwhile, Mr. David Mac-Donald, the Secretary of State, bas also ordered a freeze on an estimated C\$12m (£4.9m) worth of "national unity" spending planned by the previous Government.

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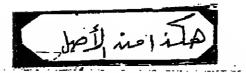
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AMERICAN NEWS



Somoza clings on as bombs fall on capital

BY WILLIAM CHISLETT

WEEK after declaring a resistance to him in four le of siege in Nicaragua the northern towns and in the le of siege in Nicaragua the ops of President Anastasio noza arc still not in complete

ince the weekend artillery the areas under attack in the ar bomhing have heen capital. The 10 Red Cross trol of the capital. dus nf refugees.

ITP.

aus nt retugges. 'he Furcign Ministers nf children, spearheading the rezuela and Ecuador left movement against General agua on Monday after see. General Somoza. They were c on behalf of the Andean t, an alliance of six Latin vericen countries in what is the function of the sec. Somoza is killing some people after they surrender. The area near the airport has the sec. Somoza is surrender. erican countries, in what is the child war, which has so arriving. Shops are still closed led to over 1,300 casualties after a general strike was de-

ording to a Nicaraguan lister they did not hring any ce proposals with them. eneral Somoza showed them that while it may bring the it he claimed were captured situation under control this is sent by Cuba and Panama

against him. he President the ministers that he was pared to consider holding tions in the country, Last r a U.S.-inspired mediation mpt hroke down after eral Somoza rejected opposidemands that he should

um was held to decide on

ough he has yet to crack the sugar.

capital. The Red Cross estimates that

escapes. centres in Managua are overd to rout out guerrilla centres in Managua are over-ingholds in various poor flowing with women, children is of the capital, causing and old couples, who arrive lespread loss of life and carrying white flags. Those left perty damage aud a massive hehind in the poor areas are repressiveness often their own teenaged claims he tution."

The area near the airport has heen under heavy fire, preventas an attempt to mediate ing flights from leaving and

hoth sides. he two mioisters spoke with President for two hours, hut clared over a week ago. Sixty American citizens held up in the U.S. Amhassador's residence orders Communism . . . tried to leave on Monday, but the airport road was cut off. The Government now fears

the Sandinista guerrillas as to plant next year's valuable of nf the "international cotton crop. This would further damage the already batanparently tcred economy. In an interview the Nicaraguan Agricultural Minister said

last year's 500,000, would be planted because of the war and depressed world prices. Cotton represents 30 per cent of total e the country while a refer- foreign exchange earnings. Annther. vital export, sugar,

future. is affected. The guerrillas eneral Somoza is outwardly severely damaged the Lare ident that he will soon have plant outside Chinandega, which situation under comrol processes most of Nicaragua's

VIEWED from outside the overcrowded as highly popu-preseot situation in Central lated El Salvador, the most lated El Salvador, the most crowded country on the Ameri-America has all the ingredients can cootinent, yet in Nicaragua not only of tragedy hut of comic opera, and even of low farce. One ambassador, sequestered by political and economic power is even more bighly centralised than in El Salvador.

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of

gunmen in bis embassy excuses The state of affairs which himself to his captors, says he is obtains in the three countries going out to get more whe for is by no means uncommon in their dinner and promptly other parts of the developing world and it has taken a tragic A general whose supporters ensured his election to the set of political circumstances

presidency by blatant fraud passes a law of draconian to plunge them into the present violent turmoil, intended to With improved communica-

muzzle the opposition and protions political consciousness is supporting increasing throughout the the consti- region. In all three countries democracy and the constisuccessive attempts to achieve A minuscule guerrilla group ohliges a Dutch multinational reform hy gradual political means have been forcibly aborted so that increasingly to finance an advertisement in those who have wanted to Spanish in a British newspaper which criticises the ideological change and modernise their failings of a rival terrorist organisation. The Jesuits are accused of working to the societies bave been tempted to take up arms. Conditions in Nicaragua, El Salvador and international Guatemala contrast strangely with the greater tranquility in Panama and Costa Rica and Most serious novelists would think twice before including that sort of thing in a work of even Honduras, where in varying measures reformism has heen a legal and accepted part

of the political process. The starting point of the present tragedies in El Salvador U.S. Secretary of State, and could he said to he the year which is increasingly claiming 1932. In that year the Left the attention of politicians in staged a half-hearted protest western Europe. In three against the worsening conditions countries of the Central in the countryside where the American isthmus, Nicaragua, already low wage levels of the El Salvador, and Guatemala, peasantry were being reduced violence has increased sharply as the world sluup hit Salva-over the past year and the dorean exports of coffee. These political outlook is increasingly protests resulted in the deaths of something hetween six and cloudy. In Nicaragua and El Salvador there is a state of 30 people hut, more important, signalled the beginning of popular insurrection. In Gnataa countrywide massacre of mala there is little prospect of suspected rebels by the army under the command of the The roots of violence and in-President, General Maximiliano

stahillty are to he found in the economic structures of the countries. Speaking of condi-Hernandcz Martinez. Between 15,000 and 30,000 people lost their lives, around 2 per cent tions in El Salvador a senior of the population a fact which State Department official sald, has to this day left El Salvador with a deep wound. Since General Martinez took

"a very small percentage of the population possesses a disproportionately large percentage of over the presidency in 1931 the land. A . small circle of there has been no civillan head wealthy familles controls the of state, and no one to preside over a reform process capable bulk of the country's resources. The quality of life for large of relieving the social strains numbers of persons is generally just tolerable. Landlessness and in a country which has become increasingly crowded and explohigh unemployment with under-

eniployment feed the discontent In recent years the political of the masses." In recent years the political struggle has become more bitter What was said of El Salvador as political groups, often encourbroadly applies to the other two states. Neither Guatemala nor Nicaragua is as physically dilute

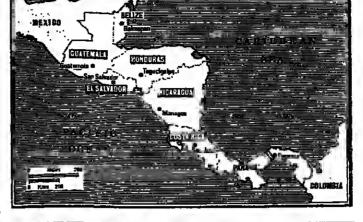
economic power of the Fourteen FARN, has made many ouilions Luis and his father, also from the IMF. Families who hy tradition of pounds by kidoap and ransom Anastasio, before him. Either International control the country. The local establishment has Lloyds Bank managers, Mr. Ian presidency, or indirectly but also of Me fought this development and Massie and Mr. Michael through nominees when they Panama aod p Families who by tradition of pounds by kidoap and ransom control the country. techniques and has had two The local establishment has Lloyds Bank managers, Mr. Ian fought this development and Massie and Mr. Michael fought this development and Massie and Mr. Michael there is a great deal of evi- Chatterton, in its hands since dence that in 1972, 1976 and November 30.

Turmoil in El Salvador, Guatemala and Nicaragua stems from basic failure of political reform

U.S. alarmed as tide of violence flows on

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

Mucb more popular and representative of political feel-ing nationwide is the BPR or 1977 the general and presi-dential elections were rigged in favour of the infelicitously



		GDP per head (U.S.\$)	Life expectancy (years)	Without formal education (% of pop.)	
sta Rica		1,069	70	12	
Salvador		509	62	46	
atemala		899	54	56	
nduras		498	54	n.a.	
aragua		852	55	n.a.	
<u>.</u>	1	4,363	73	below 2	

named government party, the Revolutionary Popular Bloc PCN or Party of National Con- made up of 20,000 or 30,000 ciliation. In the countryside a urban workers, teachers and government sponsored vigilante peasants which has in recent group, ORDEN, has attempted to eradicate rural protest.

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The violence done to the local Christian Democratic and Social Democratic parties in El Salvador by the PCN and the military have brought rumhles BPR of protest from their colleagues in western Europe and from the Carter Administration in Washington. The policy of violence and vote rigging has now led to a situation in which three clandestine guerrilla groups are active. detainees.

The dogmatic and sectarian A very aged by the new teachings of fought the regime have resulted of only one, the Somozas. \$100m which is due over the the Catholic church, sought to in their enjoying little popular General Anastasio Somoza is next 18 months even though he dilute the political and support. One of the groups, President as was his brother has recently obtained \$65.7m

did not, the Soniozas have had Nicaragua in an iron grip for nearly five decades. Anastasio Somoza the elder was installed as head of the National Guard which was established by the Sandinistas have been promised U.S. army at the end of its occu- help by the Khomeini Governpation. He subsequently took control of one of the two long established political parties, the Liherals.

dynasty has built up a very hig Somoza regime will slacken. business empire hased on large land holdings and a share in at war. It shares with its almost every substantial enter. Central American neighbours prise in the country including the highest rate of infant mor-Mamenic, the shipping line and Lanica, the airline. The Lanica, the airline. The life expectancy in the western Somozas bave big assets in hemisphere and is divided not neighbouring countries and own merely between wealthy and im-the now ailing publishing group porcrished but also racially in

the dynasty's opponents in speaking city dwellers. Nicaragua, The Liberals' traditional opponents, the Conserva- Jacobo Arhenz, was elected con-tives, have stiffened their stitutionally in 1950 hut was opposition to the Government as overthrown with U.S. help four business has seen Somoza years later after he had moved interests becoming overwhelm-ingly powerful and Somoza rule and had heen accused by Washincreasingly bad for non-Somoza companies. The profes- with castern Europe. Since then sionals and church people have the political struggle has gone joined with Conservative businessmen to form the Group of Twelve which has been widely acclaimed and is the most

popular political organisation in the country. The Group of Twelve has in Its turn moved closed to the FSLN, the Sandinista guerrilla months sought to publicise the movement which has been grievances in the country by attacking the Somoza govern-seizing embassies and churches, ment and its troops since As television newsreels have August last year and which shown the world, the authorl- launched a major offensive ties have ha dno compunction throughout the country this in shooting church groups or month. demonstrators,

ln But despite polltical and December an all-party British guerrilla attacks and pressure parliamentary delegation to from the U.S. to step down. El Salvador found that the General Somoza is still saying Government of General Carlos that he will not retire before Humherto Romero systematic-ally used torture of political his presidential term is up in 1981. Because of the continuous fighting the Nicaraguan economy similar situation is in desperate strafts.

The dogmatic and sectarian A very similar situation is in desperate straits. Marxist-Leninist ideologies of obtains in Nicaragua but with Since last Octoher, the hoth groups and the fact that the difference that since 1932 country has been in default an they have given the impression the power bas been concen- many of its international obli-of fighting one another with as much hitterness as they have fourteen Families but in those have difficulty io repaying fought the regime have resulted of only one, the Somozas, \$100m which is due over the in their enjoying little popular General Anastasio Somoza is next 18 months even though he

Internationally, he faces the hostility not only of Washington but also of Mexico, Costa Rica, Panama aod paris of Europewhence funds are increasingly flowing to the Sandinistas. From Sweden alone Sim is estimated to have gone to Somoza's opponenis over the past year. The ment in Tebran, and the Cuban Government. Israel and Spain have promised to stup shipping arms to Sonioza. There is no During its rule the family sign that the assaults on the

Guatemala, 100, is a country tality and illiteracy and lowest that there are many highly The last few years have seen civilised indigenous races who increasing collaboration among live apart from the Spanish-

A left wing leader, President ington of too close a relatinship on underground.

Left wing guerrilla groups have from time to time claimed victims while the army and the police have been implicated in isolated killings or bigger massacres. Lasi autumn about 100 peasants were shut by the army near the town of Panzos. This year two moderate left wing leaders. Sr Albertn Fuentes Mohr, and Sr Manuel Colom Argueta, were murdered as part of what appears to be a right wing campaign to climinate all reformist leaders who have any chance of huilding up a nationwide popular following.

The killings brought an angry response from western European Social Democrais and may mark a decisive watershed in the attitudes of the nutside world to the regime of the Guatemalan President, General Romeo Lucas Garcia, whose election last year was surrounded by the same detailed allegations of fraud levelled against General Romero In El Salvador In 1977. In all three countries things

are likely to get worse hefore they get better.

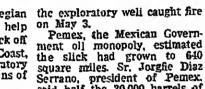
EXICO CITY-Norwegian the exploratory well caught fire ncers have arrived to help on May 3. Pemer, the Mexican Govern-

n up the glgantic oil slick off

te Bay of Campeche, west will e Yucatan Peninsula, where AP

A STATE OF A

See.



hern Mexico's Gulf Coast, the slick had grown to 640 re a burning exploratory is gushing 1.25m gallons of Serrano, president of Pemex, e oil a day.

a informed source said 18 oil spilled daily goes up in vegian oil-spill specialists flames, 15 per cent evaporates red with 35 tons of equip-to help contain the spill tained by flotation beams and to Bay of Campeche, west will be recovered.

fiction. Yet behind the farce there is a state of affairs which is gravely worrying Mr Cyrus Vance, the week, it could still he too late only 200,000 acres, as against

political stability.



It gives more performance than oull probably ever need. In terms of luxury and creature comforts, it's clearly a car for the kind of man who appreciates what real motoring is all t And can alford the best We don't call it a Gran Turismo because that phrase has been misu recently, but in a real sense that's exactly what the Monza is As you'd expect from a car costin

Frankly, the Monza will never be

ne of the most familiar sights on ...

n's roads:

over £10,000 it's very quick indeed. Its hree-litre, six-cylinder, fuel-injected a top speed of ne gives you 0-60 in 9.4 secs and 3



125 mon* And if those roof, electrically-operated inted figures don't bring out the driver in you

thing will Because the Monze is essentially a driver's carsAs Motor we' And they summed up 'even in a class of such igh standard ... a blend of comfort, refinement, pe handling and roadholding; thats at the

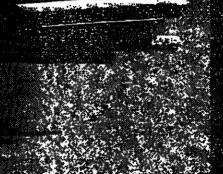
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toutstanding ne Monza offers you a choice ci manual or automatic transm ssion, and . power steering is standard. There's ar acjustable steering wheel, steel sun

windows, alloy wh d orand : well the list goes on and on If you think the Monzacould be your kind of car write to Opel Information . Service, POBox2, Central Way, Feltham Middlesex TW140TG for a comprehen

sive information package: After that, one test drive will do more convincing than words ever can.





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OVERSEAS NEWS

Financial Times Wednesday June 13 1979

David Lennon, in Tel Aviv, examines Israel's naval problems

Coping with guerrilla war at sea

commandos and the growing strength of Arah marine forces are troubling the Israeli navy.

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While national and international atlention has focused on the exploits of the air force and armour, the navy has efficiently gone about its task of guarding the coast and sea lanes.

However, the growth in sealaunched operations by the Palestinians has begun slowly to raise national awareness of the importance of the Israeli navy, Its attacks on Palestinian bases in Lebanon have gained international attention.

As the land horders have become increasingly difficult to cross, the guerrillas have been ways through the seeking coastal defences.

Rear Admiral Zeev Almog, Israeli's naval commander, put bluntly recently: "The sea has become a confrontation line between Isracl and the sabotage organisations." The navy's immediate prob-

lem, is how in stop Palestinian sea-borne attacks on Israel. In the past five years there have been at least 13 such attempts. In four instances the guerrillas have evaded the navy. managed to land and cheage operations which resulted in the loss of 5a lives. Two attacks, one on the crumbling Savoy hotel in Tel Aviv in 1975, and last year's capture of a bus on the coastal road, lcd to major battles with Israeli forces, heavy loss of life and world-wide publicity for the Palestinians.

occurred to the past ten months. Only one was successful. But routine coastal patrol. the naval command is none the the methods used by the Palestinians.

recent attempts included using

PALESTINIAN SEA-BORNE squad in a small hoat, running ing as well as pre-emptive years more than 100 boats built a speedhoat from the Lebanese strikes against suspected traincoast and approaching by rubber dinghy.

The lalest attack-a hit-andrun operation, using a highpowered speedboat which could outrun the Israeli patrol boats-had a unique aspect. The attackars never intended to land less deady for that. on the Israeli coast where the majority of the population lives.

Rather they brought with them two rafts on which small rocket launchers had been fixed. The idea had been to anchor

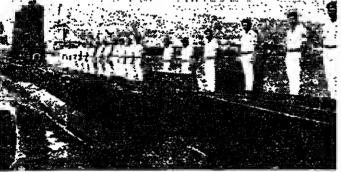
the rafts offshore and set timers to launch the rockets after the

in the West will be brought in lo the Arab navies. This will ing and launching bases. produce a widening of the A guerrilla navy may sound laughable. But Israel knows numerical gap from the current that it is engaged in a naval ratio of one Israeli to three

Arab vessels to a ratio of one to struggla with the Palestinians six. And the new boats will be the equal of and possibly which though it may not follow any traditional pattern is no superior to those being used by Israel is also struggling with Israel.

long-term conventional naval problems. The 1973 war was the The navy currently nperales about 20 missile boars, some 40 first major clash at sea in which small patrol boats, three subboth sides were equipped with marines and a few landing craft. sea-to-sea missiles.

Israel's navy emerged victorious, despite lbe fact that its



Newly-graduated sallors ahoard the Israeli submarine Dolpbin.

boat had returned safely to its

home base. The hoat was spotted by the navy before it could accomplish its mission and was blown out of the water when the attackers tried to make a run for it. Some navat officers say the attack was Six of the 13 attempted foiled hecause of "many days' attacks from the sea have hard work," while others claim the boat was discovered by a

ft was probably a combination less concerned about the escala- of both, plus educated guesstion as well as the increasing work. As one senior naval variation and sophistication of officer put it: "This is a chess game; we are constantly trying alestinians. to guess what will be The methods employed in the Palestinians' next move." the

The defence system conbines a mother ship to drop off a air and sea patrols, radar scann- change. During the next eight more pressing,

navy is the pending decision on what types of craft to order to meet future needs. There were reports that Israel has ordered least two 800-ton corveites. they may have been hut premature. One possible future threat, according to Admiral Almog, would be the ecquisition hy the Arah navies of missiles and electronic equipment which would enable them to launch long-range strikes against the Useful coastal plain. There is premature.

shipping lanes leading to Israel. the Soviet-supplied missiles in use with the Arab fleets. Gabriet salesmen claim that it sank 13

enemy ships in that war. One reason for the success helicopters. was the superior technical skill of the Israeli seamen. The other and perhaps crucial element was that the western-supplied boats bigger targets. Admiral Almog of the Israell navy werc faster than the Soviet boats on the Arab side. In addition, the western-made electronics systems used by Israel were better than those available to their enemy But that situation is about to

take delivery of their new boats, the need to decide will grow

fuel prices in Japan By Richard Hanson in Tokyo JAPANESE wholesale prices in May rose sharply for the second consecutive month as a result of soaring crude oil and oil product prices which will continue to boost levels this month.

Oil costs

The month-to-month increase in the wholesale price index last month was 1.6 per cent, up 3.5 per cent from May 1978 to stand at 109.2 (1973 equals 100). This translates into an annual rate of iocrease of 26 per cent following an annual pace of 22 per cent in April.

according to the International Institute for Strategic Studies. The rise in crude oil prices. averaging nearly 14 per cent over April, accounted for 1 per A few more missile boats are on order, as are two bydrofoils cent of the 1.6 per cent increase. But the problem now facing the In April oil and oil product rises had taken a 0.8 per cent share of the monthly 1.7 per cent increase. The impact of oil prices jumps this month is expected to be equally severe, although the

secondary price increases on oil products will probably be somewhat less than the actual erude

rise. The Bank of Japan, which compiles the index. expects that the current wholesale price rises-monthly increases bave long-range strikes against the rises-monthly increases out-Israeli coastal plain. There is been registered sioce last also a fear that the growing November-will be felt by con-Libyan navy may threaten the sumers sometime during the norths and into months and summer into

To counter this, Israel will autumn. While the price of oil need boata capable of patrolling is putting pressure on chemicals the seas at greater distance and there are fairly steep rises from the coast and for longer periods than is possible with the in certain other commodities the Central Bank notes that available vessels. It is expected other key products like iron and that these boats would have to steel and textiles bave remained large enough to carry stable.

Consumer prices may benefit But there is considerable also from the modest salary opposition within the navy to increases which were won by arger boats because they make | unions during the recent spring wage offensive

confessed recently that it was difficult to decide which equip-The Bank of Japan since April has been following a more cautious monetary policy, having raised the Official Disment to buy and which mix of vessels would be best suited to carry the navy through to the count Rate, and tightened its year 2000. As the Arab navies guidelines on the expansion of bank lending. At present it feels there is no need to take further

strong steps.

Khomeini warns Russia, ('Hands off Afghanistan'

BY ANDREW WHITLEY IN TEHRAN

farence" in neighbouring be was not. affairs. The Afghanistan's affairs. The said Moscow be was not, well-versed in Afghanistan, saying this would bave an effect on Moscow's relawanted strengthened relations tions with Tebran.

Ayatollah Khomeini told Mr. Vladimir Vinogradov, tha Sovlat Ambassador to Iran, that the Afghan President, Mr. Nurr Mohammad Taraki, would suffer the same fate as the Shah if be strations in Tebran. continued "to act as be bas done."

leader told the Ambassador he The statament was tha bad beard reports of Sovietstrongest indication so far of Iranian support for the strengthening Moslem opposimade weapons being smuggled into Iran. If these reports proved correct, he said, the tion movement in Afghanistan. Soviet Some 50 or so prominent Shia reproached. clergymen from Afgbanistan have taken refuge with their co-Reports of Soviat weapons religionists in the holy city of reaching Turkoman rabela in Qom, but have received no north-east Iran in March were more than moral and bumani- never

substantiated. tarian help to date. journalists just back from the go ahead with the \$3bn Igat-two In reply, Mr. Vinogradov is troubled south-western region pipeline.

IRAN yesterday warned the reported by the state radio to say Soviet-made arms ar Soviet Union against "inter- have told Ayatollah Khomeini finwing freely across from fra-Mr. Vinogradov gave a "pos tive assurance" that the Sovie Union was not supplying arm to anyone in Iran. He said an with Iran and expressed his Iranian evidence of auch charge would be investigated. regret over the inclusion of the From Moscow's point of view Soviet Union as a target in recent anti-big power demonthe main purpose of the call o Ayatollah Khomeini appears i bave been the start of a dipk In his customary forthright

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matic campaign to try an reverse Iran's near final decisio manner, the Iranian religious to cancel a major gas pipelin project between the tw countries. Mr. Vinogradov is reported t

have sald any joint projects wit the Soviet Union would not b he to the detriment of Iran. Diple mats say this seems to ba clear hint that Moscow is pre pared to raise the price it pay for its gas if Tehran agreed

Iranian oil supplies for Turkey

Union

would

but

BY OUR TEHRAN CORRESPONDENT

IRAN HAS agreed to supply Turkey with an extra 435,000 tonnes of crude oil and oil products for this year. The agreement, worth approximately U.S.\$60m (£29m), was reached at the end of a visit to Iran by Mr. Gunduz Okcun, Turkey's

Foreign Minister. With Turkey facing a severe fuel shortage, the agreement is seen bere as a significant political gesture by the Tehran regime.

Deliveries are to begin in mid-July, and will run for the rest of 1979. No prices are available, but these are likely to have been at Iran's standardterm contract rates. Turkey's fuel problems are

reported to be having a severe demands for self-rule. The effect on internal and inter- Kurds live in Iran, Turkey and tional fransport. Interna-tional freight forwarders bring-ing goods overland into Iran say waits of up to a week outside Turkisb petrol stations are not unknown.

Mr. Okcun left Tehran for Ankara yesterday, apparently well pleased with the outcome of his visit, despite a potentially embarrassing lecture from Ayatollah Khomeini wbo, indirectly urged Turkisb support for the Islamic revival and criticised Western-style demo-

cracy. According to diplomats, an exchange of views took place burial place of their late leader, with Iranian officials on Kurdish Mullah Mustafa Barzani.

Australian union arrests

lead to strike threat

Kurds live in Iran, Turkey and Iraq. But the diplomats denied that any common policy against the Kurds was being formulated in Tehran and Ankara. Bagbdad is currently engaged

in a major military drive against Kurdish partisans in northern Iraq, allegedly with tacit Turkish co-operation. The largest of the partisan groups, the Iraqi Kurdistan Democratic Party, is believed to have two military camps on foreign territory: one just inside the corner of Turkey adjoining Iran and Iraq, and the other near the town of Oshnovieh, in Iran-the

Palestinian talks in difficulty

By Roger Matthews in Cairo

EGYPT, Israel and the United States concluded their first full negotiating session on Palestinian autonomy yesterday with-out even baving reached an agreement on methods nf addressing workers at Mr. Gil Barr, State Secretary procedure. Three sides will Karratha, in the Pilbara mining of the AMWSU, called the meet again on June 25 at district of Western Anstralia, arrests "cowardly," but Herzlla, north of Tel Aviv, when on Monday. they will hear a report from a The police arrested Mr. three-man committee set up Laurie Carmichael, assistant yesterday to find a way out of national secretary of the

the difficulties. Amalgamated Metal Workers The failure of the talks, beld. and Sblpwrights' Union, and in Alexandria during the past two days, again emphasises the Mr. Jack Marks, assistant Western Australian Secretary, enormous prohlems involved in trying to reconcile the Egyptian demand for full autonomy for the Palestinians living on the occupied Western Australlan Secretary, after they had spoken to about 200 iron ore company employees without the police com-missioner's permission. The

BY DON LIPSCOMBE IN PERTH AUSTRALIAN trade unionists and drunk. Police were right are threatening a national to take names there and to strike because two nnion complete the arrests in Perth. leaders were arrested after be said.

acknowledged that if the two men bad been arrested in. Karratha, "there would have been a revolution by the workers."

There bad been trouble or stoppages before the arrests. After the police action all lron ore company personnel from four mining companies and salt industry workers from two

Mr. Bill Hayden, the federal



locally produced Gabriel missiles had a shorter range than



pilot's professional tradition has followed one of the most brilliant trajectories in the history of commercial aviation.

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some 15 other airlines- are continually brought up to date with the latest techniques and some of the most modern equipment in the world.

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And we feel that our prestigious

There, our pilots -and those of

occupied West Bank and Gaza Strip, and Israel's insistence the Arab inhabilants that should be given a degree of self-rule but nothing that might be seen as leading towards the creation of an independent state.

Dr. Boutros Gbali, Egypl's Minister of State for Foreign Affairs, said after the meeting that there was still a wide gap between the parties, a view echoed by Mr. Shmuel Jamir, Israel's Justice Minister. Both men believed that eventually their differences could be overcome.

by the militant maritime unions. police waited nntil Carmichael and Marks landed at Perth air-Opposition leader who was in port, after a 750-mile flight from Karratha at tha time, used the before Karratha. arresting arrests to criticise the conservathem.

tive government of the Western Australian premier, Sir Charles The motive remains unclear. Although Carmichael 1 and Conrt. Marks were warned they were He saw it as evidence that the Court Government bad breaking the law, the drastic step of arresting them is being interpreted as deliberate conembarked on a programme of generating industrial tension frontation, although the and confrontation as part of a

Government denies this. In Perth yesterday the Police Commissioner defended the

strategy to gear np for an early election in which he would use the trade union movement as a arrest, saving some Karratha arrest, saying some Karratha scapegoat. trade unionists were excited Export controls cased, Page 7

Non-aligned nonpl

K. K. SHARMA, recently

in Colombo, describes how

the Non-aligned Movement

discovered that its greatest

At Colombo, irate Iragis even

threatened to settle scores with

equally bostile Egyptiana in the traditional Arab manner, by ask-

danger was from within

AS WEARY delegates ended the conference of the 25ment, to be held in September, will almost certainly take place under the weight of apparently insoluable controversies — exactly what non-alignment is ment still exists. But Havana cannot pass the buck any fur-ther. not supposed to be about.

The last Foreign Ministerlevel meeting to be held before Havana was meant to prepare the ground for a conference of Heads of Government. In fact, it has merely paased on unresolved controversies so that the conclave of presidents and prime ministers in Cuba will bave to start from scratch. Rather than douse fires as it should have done, Colombo stirred up volcanoes. Sceptical western critics may well look at the non-aligned with an "I-told-you-so" attitude. As Mr. Atal Bibari Vajpayae, India's External Affairs Minister, acknow-ledged: "The threat to our movement now comes from ourselves."

To Havana go such problems throats. as the demand for the suspenbefore the Havana meeting. In sion of Egypt for signing a peace treaty with Israel and the addition, tha summit will bave representation of the Kampu- to face the deepening feeling chean regimes. So intense was among the African coontries the bickering that it is certain that the older members are imto continue at Havana. Clearly, tha parties are in no mood to compromise. cause for the next three years.

By making them the focal after September, the movement it affects the Third World. point of the Havana summit, will be in the bands of a pro- Since the fifth United Nati point of the Havana summit, the non-aligned movement faces Soviet Cuba. African determinaits biggest crisis. For one thing, tion over what they fait was the parties concerned have their right not to surrender just failed and the North-Soul thrown overboard the tacit their "soverelgoty" to tha co-agreemant that bilateral or re-ordinating bureau was the sur-aligned movement may find i gional disputes are nol discussed. For another, they con-verted the movement into a Countries like Mali, and the

forum where concrete issues ivory Coast, for instance, vir-are discussed. This may not tually threatened to walk ont if be a bad thing since the move-the bureau continued to impose while so that thay can conce ment is, at last, being forced to a "consensus" on them. This trate on practical matters,

- Aj

get to grips with realities rather than trot out banal platitudes that no nne takes seriously. was one reason why Egypt was saved. The Africans would not allow a member of the Organisamember Co-ordinating Bureau of the Non-aligned after a 24. What the non-aligned rear is hour sitting in Colombo last that the movement cannot be expelled without first dis-week, it was apparent that their week, it was apparent that their take positions on topical issues. selves. Egypt lives in fight again the tensions, at ---and there is certain to be a hour source source in Havana. Certainly, the tensions, at Colombo showed that the move-ment could come apart under battle royal in Havana. Ironically, the Non-aligned Movement has started breaking the strain. It was only by re-ferring to Havana such vital unreaolved issues that non-align-

up into blocs although it was launched in the 1950s as basic ally anti-bloc, in the sense that it was opposed to joining the groups formed by the Snpe Powers. Yet there is now clearly an African bloc, an Arab bloc and talks began for the firs time in Colombo on formation

of an Asian bloc. India and Sri Lanka are in the fore of this move and the were the founders of non-align ment. Havana will have to take into account that, within the movement, there are now small er pressure groups. Even th founders of the movement ar going their different ways an new entrants might well wor der what kind of cinb they bay ing delegates to step outside. A

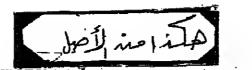
Western observar remarked that joined. tha beavy security pracautions One answar is that tha Nor aligned Movement will be th political arm of the developin were meant to keep delegates from getting at each other's countries' fight for economi concessions from the West. Sinc Tempers are unlikely to cool Egypt and Kampuchea dom nated the Colombo conference not much attention was paid t the fact that it agreed nn formidabla economic declar posing their will on them. There tion, even though the Arabs su-is also growing uncasiness be- cessfully avoided discussion energy and the manner in whic

Since the fifth United Nation conference on trade and development (UNCTAD V) hi prising, unexpected new issue self a new role as an econom to arise at Colombo. pressure group. That depend pressure group. That depend on whether its political maste

MORE THAM 50 YEARS MAKING FRIENDS

INTERNATIONAL AIRLINES OF SPAIN

هلذامند لإجل



WORLD TRADE NEWS

APANESE IMPORTS **EC** rules out retaliation

BY GUY DE JONQUIERES IN LUXEMBOURG

BY GUY DE IONQUIERES IN LUXEMBOURG C Foreign Ministers yesterday led out the possibility of sing any retaliatory measures sing any retaliatory measures see able future, despite the ospect that Japan's bilateral inde surplus with the Com-mity will increase still further 's year. Instead, when the Western inning summit is held in set amounts to a restatement excler demands for better sets to its domestic markets. pean demands. BY GUY DE IONQUIERES IN LUXEMBOURG 'S GUY DE JONQUIERES IN LUXEMBOURG 'S C Foreign Ministers yesterday was vigorously hacked by Mr. John Nott, Brilairs new Trade against Japan was first raised palicy of nersussion and should ospect that Japan's bilateral not resori to threatening the strongen Commission's Exter-instead, when the Western inning summit is held in sinternal practices which had set complicated distribution system, simply to satisfy Euro-ters to its domestic markets. pean demands. BY GUY DE JONQUIERES IN LUXEMBOURG

ess to its domestic markets. pean demands. increase in its official develop- He also proposed that the ent aid spending, and the EEC should concentrate more intenance of a buoyant level on urging the Japanese to reinternal economic demand. move barriers to direct invest-fhe Ministers' decision to ment in their economy by Eurobid any bint of trade sanctions pean companies.

mission, this may rise to he-tween \$8 and \$9bn this year

from \$6.4bn last year, despite tion will send to Congress and a drop in Japan's overall trade want to be certain that it will surplus, EEC governments are, how- agreements to which ils nego-to tiators assented in the GATT commit the U.S. to carry out ever, clearly not prepared to tiators assented in the GATT approach the Tokyo summit in talks.

ease export controls on minerals

By Our Sydney Correspondent THE AUSTRALIAN Government yesterday annnunced a significant relaxation of its eight-months-old control on the export of raw and semiprocessed minerals.

The Government has excluded iron nre from the controls but retained a veto power over the expart prices far coal, bauxite and alumina.

The nriginal measures, fntrødnced last Octnher, were intended to prevent Japanese companies. acting in concert, from heating down the price by concluding individual deals with vulnerable Australian producers.

To-day's announcement follows strnng pressure from the

State Governments of Western Anstralia and Queensland, which export the hulk of Australia's iron ore, enal and hauxite-alumina. The Federal Government has agreed in cov sult the States hefore using the controls.

Two-thirds of Australia's mineral exports-and 25 per cent of total export carnings -derive from cnal. irnn ore and alumioa, In 1977-78 these three commodities earned £856m. £538m and £390m respectively.

Australia to **Row over Israeli clause** in Air Canada-Saudi deal

BY VICTOR MACKIE IN OTTAWA

CONTROVERSY has crupted is worth CS2m for the provision directors in Iale 1977 prior th of maintenance work on the Saudi National Airline's Lock-beed L-1011 jets. The clause in question says in Canada over a deal the Governmeot-owned airline, Air Canada, has signed with the national airline of Saudi Arabia

that Air Canada would not contravene any of the customs and excise laws of Saudi Arabia. that includes an Israel-boycott clause. The deal was approved hy the defeated Liberal Government before the May 22 It also provides that no Israeli Canadian election. national be permilled to work Signed on May 7 the transon the contract and that no sub-contract work be given to any action followed months of nego-

tialions and advice from the Industry, Trade and Commerce Israeli firm. lepartment that it was accept-

his appointment and that he was inaware of its existence until Monday. Mr. Don Mazankowski, the

Transport Minister, under the new Conservative Government has promised an immediate investigation

An official with Industry, Trade and Commerce confirmed on Monday that the contract was legal under the provisions of Mr. Bryce Mackasey, Air Canada's primary biycott policy. Canada's chairman, said yester There is no legislation in

ahle. The Air Canada-Saudia deal mitted to Air Canada's board of of Israel.

U.S. makers announce jet sales

BY MICHAEL CONNE, AEROSPACE CORRESPONDENT

ORDERS WORTH more than (4), Southwest (3) and one cash Boeing said it was confident \$665m (1330m) for new jet air- for Servicio Aero de Honduras, it would sign another 757 liners have been announced by Transavia. That Airways and customers by this autumn. Boeing and McDonnell Douglas Polynesian Airlines.

orders for a tolal of 37 new jet Australia 121. Alaska (21 and airliners, worth more than one each to Pacific Southwest, Sāā0ni, including two 747 Jumbo Alitalia, Icelandair and ets, 18 short-range 737s and 17 Republic. Boeing confirmed that British short-to-medium range 737s.

The orders were from Aero- Arways had taken an option lineas Argentinas and El Al for on 18 of the new 757 twinthe 747s. The 18 737s were for engined jet airliners, of which will Pacific Weslern (7), CP Air it already has ordered 19. 1979.

McDonnel Douglas announced of the U.S. Boeing said at the Paris Air Airwest (4), Allegheny (3), fur 10 DC-9 series 30 twu-Show that it had received new Ansett of Australia 121, Trans- engined airliners from Allecheny, worth \$114.7m, for delivery in the last half of 1981. These will be used to serve existing and new markets on

Allegheny's route network, and to replace ageing British One-Eleven jets which the airline will start to phase out during

Sweden seeks UK oil

BY LORNE BARLING

il if agreement can be ched on coal prices, which edish Minister of Commerce, Hadar Curs, said in London sterday.

Ie said that Britain bad now rtaken Sandi Arabia as an supplier to Sweden and that l was increasingly regaining importance as a source of

* EDEN is interested in buy- Speaking at a Britisb-Swedish more oil from Britain, Chamber of Commerce Silver haps in conjunction with Jubilee lunch, Mr. Cars said that now regards as too high, the on coal purchases, but pointed Washington bas imposed for out that imports could be important to the UK coal

lndustry, said yesterday. He stressed Ibat Sweden was highly dependent on oil, as the highest per capita consumer in the world, and hoped to conclude long-term oil agreements with Norway and the UK.

UNGARIAN ECONOMIC STRATEGY

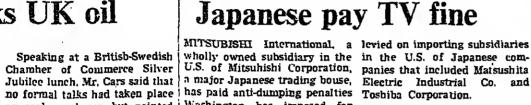
Policy backs growth of internationally competitive exports

. BY ANTHONY ROBINSON, RECENTLY IN BUDAPEST

r's Budapest spring fair, or by cutting production. lowever, this is merely the The object of the excretse is ed-for result of a complex labour, the introduction of production and income and centrate on the production internationally competititve n spite of a serious deteriora-1 of the trade balance over past two years, the ngarian authorities are deteried to avoid administrative lrictions on Imports. Instead, port growth will be limited to und 25 ner cent uver llie

'NGARY'S first priority now tooth comb and losist on proof l over the next few years that any proposed investment to restore its external will yield a minimum. 24 per illibrium." This was the mes- cent gross yield. If this cannot e spelt out by Mr. Peter be proved to the banks' satisfacess, Hungary's recently tion credit will be refused and solnted Foreign Trade the companies will be left to solnted Foreign Trade the companies will be left to isler, at the opening of this adjust either by cutting stocks

to increase the amount of credit cess of cconomic change, available for viable export living a thorough shake-out orientaled investments. A special Forint fabn (over £1hn) rational market-determined export finance fund was set up ing system, and a sustained for this purpose at the start of irt to restrain overall growth the current five-year plan period and has now been increased by



The other companies have importing Japanese colour teleheen refusing to pay the fines rision sets at unfairly low prices, a Mitsubishi spokesman protesting that the methods used to calculate the antidumping dulles is unreasonable. Mitsubishi International paid The penalties were imposed on \$121.007 in cash and \$1.213m in colour televisions the companies promissory notes on May 14. imported to the U.S. over about The company is believed to be two years until June 1973. the first to pay the penalties AP-DJ

They are still awaiting the final details of the trade Bill which the Carter Administra-

e key to the entire onomic strategy is an celeration of those adual moves towards a arket-oriented economy lich have been under way ice the so-called new onomic mechanism was inched in 1968.

it five years by consciously ming the economy at below I capacity, phasing out price isidies and encouraging both port substitution and energy i raw material savings. The key to the entire monue strategy is an acceleran of those gradual moves vards a market orientated momy which have been der way since the so-called w economic inechanism was inched in 1968. Consumer price subsidies, in on essentials like bread, its and transport, will also gradually cut back, although ments of subsidy will remain the foreseeable future, ready consumer price inflan is running at around 5 per it and this is expected to uble next year. To compen-te, wages and salaries will to rise faster in money terms. But wage and salary increases Il vary much more and be re geared to performance and oductivity than before. In ite of the rise in money comes the growth of real dissable income this year is ready plauned to rise up more an 1 per cent against 3.5 per ni last year. The effect of all is will be felt most keenly by ployees of inefficient induses, which will not be able to y higher salaries and by the magers and politicians who re the difficult task of explaing to their workers why not. Credit policy and the banking mpanies bour and materials.

By cutting back the internal juidity and self-financing preity of enterprises in this with a nuch clearer idea of their ay the banks are rapidly estab- real costs. hing a key position as suprough tance application with a finc- foreign markets.

another Forint 10bn. All new long term invest-ments by the state have been blocked for the time being and the emphasis here is on the completion of existing projects. New projects of a capital intensive, long term nature will only be started ouce the inntediate priority of restoring ine external equilibrium has been achieved

To judge by last year's trade and balance of payments figures this may take some time. The trade deficit with the convertible currency area doubled to \$918m from \$418m last year and the rouble denominated trade with Coinceon countries sbowed a deficit of roubles 417m compared with roubles 61m in 1977.

Last year was a particularly difficult year, although evidence has emerged this year that the signation in exports to the West, while imports were up 15 per cent, led to stockpiling of export products which have been successfully markeled this year. Preliminary figures for the first four months of this year show an extraordinary 44

Rationalising the price structure will, it is hoped, help redress the position where some Hungarian exports incorporating imported raw materials have failed to cover even

per cent rise in exports to the West compared with au 18 per cent rise in imports. Overall trade figures for the first quarter show that exports rose 20 per cent and imports only 2 per cent. As a result the first quarter trade deficit was only one haif the 1975 figure. The underlying problem how-

ever remains that of reversing the steady deterioration in Hungary's terms of trade. Although these improved slightly against the doilar area last year the fact romains that over the past five years higher oil, raw material and manufactured import prices have led to an overall deterioration of 10

per cent Rationalising the price struc ture, and any that this entails, will, it is hoped, help to redress stein will play a major role the balance. Close examination shaping economic priorities. of Hungarian exports in the past ready the bauks are imposing has revealed many instances tight squeeze on companies' where goods incorporating a prking capital. By refusing high proportion of imported edit the banks intend to force Western goods or components to liquidate their have subsequently been exported scks, which are currently at an at prices which failed to core mormally high level, and look even the cost of the incorporated r ways to economise on both imports. Raising factory prices to market levels will it is

In future exports will only he iers of finance for investment encouraged if their actual cost olects. The banks now go of priduction is below what they every investment can tetch in hard currency on

. • •

Britain needs every penny of industrial investment it can get. Everyone says so. But why?

Because it makes us more competitive by replacing ageing plant? Because it creates construction jobs? Yes, but more besides...

When a company spends millions on capital investment, we tend to think about the effect of the new plant and forget about where the money goes; as if the new plant was the end of the story.

But that money sets off a chain reaction which releases fresh energy into the economy, stimulating new activities and ideas.

It generates wealth.

One order to a contractor starts a chain of orders to sub-contractors and suppliers. And every order means jobs, pay packets to be spent or invested ... and even social benefits - because at each link in the chain the taxman takes his share.

Some contractors will have to invest in new capacity to meet their orders; so they'll be setting off fresh chain reactions of their own, Growth breeds growth.

it's a phenomenon sometimes known

Mobil

as the 'multiplier effect', because the total economic activity stimulated is worth far more than the original outlay.

The effects of Mobil's current £150 million refinery development project in Essex are being feit all over Britain. The wealth it generates is being spent in shops at the other end of the country by people who've never even heard of the project itself.

And when our new investment is complete, that won't be the end of the story. Its impact will still be triggering new reactions a long, long way from Éssex.

Chain reaction.



UK NEWS

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

Home loans buoyant U.S. aviator legs it across the Channel as queues lengthen

BY MICHAEL CASSELL

8

advances last month reached the finance holiday expenditure. In nighest total sioce November for home loans remain.

buyers in May against £684m rates, receipts this month in April. At the same time, the should, therefore, decline societies made new commit further. ments totalling £795m - the Br. N highest since March, 1978—com- general of pared with £711m in April. The yesterday increoses were due mainly to queues at seasonal factors.

against £343m in April, but it

BUILDING SOCIETY mortgage this time of year in order to additioo, the pre-Budget speodlast year, although loog queues ing spree may have helped to accelerate the normal seasooal Figures from the Building withdrawal picture. In the Societies' Association show that absence of any significant £755m was advanced to home changes in competing interest

Mr. Norman Griggs, secretarygeneral of the association, said There are still queues at huilding society branch offices, partly because of During May, the societics the intense demand for mort-attracted net receipts of £309m gages from every section of the

community, partly because the local authorities have had their was still the second highest local authorities have had their monthly total sloce last October. own house purchase schemes In the early part of June. cut hack and partly because repeat the 1978 figure—by on receipts have heen proving increasing house prices mean means certain—the number of fairly huoyant, although with that fewer people cao he satis-mortgages advanced could he drawals are normally high at fied with a given supply of mort-

gage funds." The societies' lending programme has oot meant aoy further reduction in their liquidity ratios, after the big cuts recorded last year. Very broadly, net receipts have been running at a level sufficient to finance lendiog without any significant chaoge to the level of liquid funds. By the end of May the

total assets of the accieties had increased to an estimated £41.91hn. With the year half way, it seems unlikely that societles will he able to repeat last year's record lending performan

In 1978, they advanced £8.7bn to over 800,000 home huyers, hut it seems clear that even if they down hy as much as 100.000.



BRYAN ALLEN, a 26-year-old aviation history by flying the only by his leg muscles. cyclist from California, yesier- English Channel in a light- By doing so, he wo

Mr. Bryan Allan, from California. totally enclosed in his Gossamer Alhotross, pedalling his weary way across the Channel yesterday, closely escorted hy wary watchers in little hoats.

overall improvement,

Henry Kremer, an industrialist, tanker On landing, Mr. Allen was sald to be in good shape, for the first "manpowered

By doing so, he won the day pedalled his way into weight plastic aircraft powered £100,000 prize offered by Mr. flight" across the Channel. although tired. The aircraft was Mr. Allen flew from Folkeundamaged hy its landing. stone to the sandy beach near the radar station at Cap Gris Nez, a distance of 22 miles, in Society (whose officials moni-tored the filght), will be handed two hours 50 minutes, at a height of about 10 ft, closely followed hy a lifeboat.

ovar later this summer after verification of the official, observers' records His aircraft, called Gossamer Albatross, weighed only 55 lbs and was made largely of plastic, with a 96 ft wingspan and a transparent cockpit. Its pro-Mr. Allen was three times heavier than his alreraft. He had trained hard for the flight, cycling every day the equivalent of 70 miles for more than two pellor was turned by a bicycletype gear. hours - the expected time of

The venture was supported the flight under ideal conditions. He said hefore the flight that by a team of U.S. scientists and avlators headed hy Dr. Paul Mache felt fit enough to pedal for four hours if necessary. Cready and sponsored by the U.S. Du Pont company, which subscribed £125,000 to the costs. The same team woo the £50,000 prize, also put up hy Mr. Manpowered -

Mr. Kremer bas been in-terested in man-powered flight for many years. He first offered a £5,000 prize in 1959 for a flight Kremer, for a manpowered figure-of-eight flight in California in 1977. Yesterday's venture, planned rouod a figure-of-eight course, for several years, cearly failed later increasing the sum to

at the outset when the aircraft, £50,000. on its first take-off attempt, Many attempts were made to lurched off the runway and win it, some weird contraptioos keeled over. Mr. Alleo immedi- never even getting off tha ately tried again and, pedelling groond, Dr. MacCready designed aod built in 1977 the successful furiously, became airborne. Wearing shops, a crash bat,

effect.

aircraft, Gossamer Condor, cycling shoes and a lifejacket, he had to fight headwinds and once which was the forerunner of Gossamer Albatross, used lo had to make a detour to avoid a yesterday's vecture.

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Financial Times Wednesday June 13 1979

The £100,000 prize, beld in

trust by the Royal Aeronautical

Kenya President's visit will test Britain's Africa policy

BY MARK WEBSTER

PRESIDENT Daniel Arap Moi dissuade Britain from recognising the new government in state visit to this country, which started yesterday.

In what is seen as an impor- dent Moi. tant test of her African policy, Mrs. Margaret Thalcher will have talks with the Kenyan head of state today which are expected to he dominated hy Britain's attitude towards the Salisbury government.

Keoya has long heen of Kenya is expected to try to regarded as one of Britain's. strongest allies in black Africa. Relations hetween the 1wo nising the new government in countries were always very countries to opposing moves by Zimbabwe Rhndesia during his close under President Jomo Britain to recognise the new state visit to this country, Kenyatta and they have con-government in Zimbabwe tinned to be good under Presi-

Yesterday, the President made the ceremonial drive from tone of her future Africao Victoria Statiou to Buckingham Palace to meet the Queen and afterwards went to Westminster visit to a foreign country Abbey to lay a wreath on the tomh of the Unknown Soldier. dcot Kenyatta last year.

Kenya bas always taken a moderate line in African oolitics but has made it knowo that she will join other African Rhodesia.

The visit is important, for Mrs. Thatcher is setting the policy; hut is also vital for President Mol as his first state since he took over from Presi

Irate cabbies get fares pledge

BY MAURICE SAMUELSON

However, Mrs. Thatcher's letter to the Licensed Taxi

THE PRIME MINISTER yester- passage through The Mall on day assured London taxi drivers the last stretch of its ride from The association, on bebalf of London's 17,000 licensed taxi Victoria Station to Buckingham f that they would shortly he Victoria Station to Buckingham offered a "substantial and loog Palace. However, they agreed overdue increase" in fares to to leave the area on instruc-help to meet bigher fuel costs. the police threatened to tow

Hundreds of cabs drove round he able shortly to make an a radio-controlled "command theory that the downward trend huyer's premium and 0.8 per Sotheby's Bearne in Torquay he square, threatening to order allowing for a substantial van" in Northumberland in 1977 was probably a reflect cent VAT to Moller, an held an auction in which the

Building industry deaths down BY MICHAEL CASSELL

the Second World War, although

avoldable," according to the Chief Inspector of Factories. In the foreword to a report published yesterday by the taken to eliminate the hazard Health and Safety Executive, before the incident occurred.

Mr. Jim Hammer, the Chief lospector, said the document represented "a catalogue of epitaphs" which made depressreported accidents-the lowest

claimed, were preventable " by Minister of State at the Home on the part of those who did Office. It rejected that and is not come back."

However, Mrs. Thatcher's letter to the Licensed Taxi Drivers Association came too late to halt militant cabbies from causing big traffic jams around Trafalgar Square shortly before the Queen aod President Dawie Arap Moi, of Kenya, thundreds nf cabs drove round Hundreds nf cabs drove round

FATAL ACCIDENTS in con- tioo sector was ruooiog 25 per that comments are oot directed struction during 1977 were at cent below capacity. Output at the industry as a whole hut their lowest level since hefore last year, however, showed an at certain types of cootractors and those of a particular size

the great majority of the 131 The report on 1977 accidents "It scems relevant to ask deaths recorded were "entirely suggests that 86 of the fatalities therefore whether federations, The report on 1977 accidents recorded could have been forc- rather than rushing to the seeo hy a member of management defence of the industry as a whole, ought themselves to he and precautions could have been ideotifyiog lhose areas which fall far helow the standards of the Eighty per cent of accideots hetter firms,"

Mr. Hammer said that the periog workers epsaged io "simple, efforts of their representative traditional activities." organisations or local construc-The Health ood Safety Execu- tion Industry groups.

solvency requirements BY JOHN MOORE LLOYD'S of London will bave regulations made in 1977. to meet new solveocy require. The calculation of the mar-ments for its general insurance gin of solvency will take into ments for its general insurance husiness if draft regulations account the assets and liahili-

ties of Lloyd's itself as well as published yesterday come into those of individual members. Bot the regulations will not The regulations, prepared in consultation with Lloyd's and require individual members or the Trade Department, will he syndicates to maiotain margins made under the European Comof aolveocy.

Lloyd's may face new

munities Act 1972 and will apply to Lloyd's the solvaocy The new regulations will allow Lloyd's some latitude. provisioos of the EEC non-life Lloyd's is to be allowed to calculate its solvency margio oo a hasis, net of commissioo, while nsurance establishment directive.

iosurance companies must include commission paid. But Lloyd's will be required to meet-for the whole of its. the results are to he scaled up by a factor to be fixed by the general insurance business conducted by Its memhers-the solvency requirements which Trade Secretary to take account apply to insurance companies of the overall level of under the margin of solvency commissions.

Scotland air fare increased BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS is to ba should be met by greater efficiallowed to raise the single fare ency unless unforeseen circum-stances occurred.

on its services between London But CAA now accepts that Heathrow and Glasgow/Edin-burgh hy £2 to £37 from recent weeks constitute the June 17. to compensate for type of "unforeseen circumrising fuel costs.

stances" eovisaged. The Civil Aviation Authority British Caledonian

since the early 1960s. iog workers engaged Most of the accidents, he traditional activities."

better training, better briefing, tive, whose report in 1976 "I question whether it is really better planning on the part of sparked off criticism from con- in the best interests of the indrivers, had been offered an 18 those who sent these people out struction industry employers dustry to defend the accident to work and by more imagina- anxious to defend their safety record of the whole industry, in-talks with Mr. Timothy Raison.

took place in medium and small compaoies, most major conceros formaoce of many safety conliaving hoth the motivatioo and sclous companies was in stark ing reading. In addition to the resources to coforce good solety contrast to that of mony con-deaths, there were 31.860 practices. The majority lovolved cerns who appeared to take little experienced tradesmen and hulid- interest lo the health and safety

obstruct the royal party's and long overdue increase." Avenue,

SPECIAL ANNOUNCEMENT Postal and **Telegram Services**

Owing to threatened industrial action by the Post Office Management Staffs Association, mail, telegraph and counter services tomorrow 14th June may be seriously disrupted. In particular, many post office counters may be closed or offer restricted services.

Letters and Parcels

Please post only essential letters and avoid posting parcels on 14th June. Large users of the post should seek advice from their Postmasters.

Datapost

There will be no collection of Datapost on 13th and 14th June and Datapost packages will not be accepted at counters. There will be no deliveries on 14th and 15th June.

Public Counters

Customers are advised to use counters either today, 13th June or Friday 15th June.

Pensions can be collected on Friday 15th June.

Telegrams

Customers wishing to send urgent telegrams should consult the telegram enquiry number to be found in local dialling code booklets.

The Post Office very much regrets any inconvenience that may be caused to customers should the Association decide to take industrial action.



tion of the fact that the construc-yesterday in a musical instru-ment auction which brought in o'War In a choppy Sea" by higher fares from April I, con-Edinburgb from £35 single to £93,608. Blddulph, the London Thomas Luby sold for £5,200; tending that increasing costs £37 from April 1.

Research finds 25% fuel savings for heavy lorries

BY LYNTON MCLAIN

COMMERCIAL vehicles ioclud- fuel oo electrooically-monitored vehicles, the laboratory said. iog heavy lorries would use 25 salooo cars. per cent less fuel with hetter scientists said yesterday. they say, would come from better use of lorry capacity. Many vehicles travelled half lated urban high street hefore attempting a course with instrucempty, and improved loading would cut fuel hills by at least 15 per ceot. A change from the tank was nearly empty. 15 per ceot. A change from Early results show an immedi- and transferring terms cross-ply to radial and other Early results show an immedi- and transferring term tyres, and hetter driving could ate cut of 10 per cent in fuel distance freight to rail. tyres, and hetter driving could ate cut of 10 per cent in fuel distance freight to rail. Early results to result to rail. By 1989, the lab Vehicle designers also had a conscious driving. part to play io fuel saving, through more aerodynamic shapes for lorries and improved

shapes for formes and improved short, medium and long term would prohably have more power transmissions. energy savings in traosport. efficient eogices—perhaps based Fuel conservation is now a Road transport accounted for on the diesel—better tyres for major feature of research at the 26 per cent of Britain's energy improved rolling, sleeker aero-Governmeot's Transport and consumption last year, a rise dynamic shapes and of improved Road Research Laboratory at of 6 per cent in five years, hreaking systems. The energy Crowthorne, Berkshire, which Other forms of transport used hy breaking would be visitora today until Friday, third compared with 1972. In 1990, the best hope for fnel Saturday is the public opeo day But 50 per cent of the total savings in transport would come and visitors may try their skill every hill for transport could from halving of energy losses at efficient driving to save be saved by better usa of due to urban compression.

at efficient driving to save be saved by better usa of due to urban congestion.

alooo cars. Over all types of vehicles, A BL Allegro family hatch. hetter driving could yield at driving and some other minor back is fitted with a micro-least 12 per cent in fuel savings improvements. Covernment processor data monitor in com. hy 1984. Also by cutting back cientists said yesterday. parative tests with diesel- aod by half their motoriog, private The greatest improvement, petrol-powered VW Golf saloons. car owners could contribute a Test drivers are asked to full 15 per cent to total energy drive normally, around a simu- sovings_ lated urban high street hefore Other cooservatioo measures

uoder consideratioo ioclude tions to ecocomise on fuel as if transferring half of all car passenger jouroeys, to buses and transferring half all loog

By 1989, the lahoratory expects a move to smaller cars, The findiogs have contributed with as average coosumption of to the laboratory's plans for 40 miles per gallon. The cars short, medium and long term would probably have more

The Sun has as yet made

almost no moves towards the

new technology. which, in

theory at least, can be

operated with many fewer

experience of its main rival,

the Daily Mirror, in introduc-log computer typesetting and electronic page make-up has

been far from happy. For a variety of reasons, the Mirror has been unable to achieve

the performance that it boped

for out of the new techniques,

and has recently abandoned

full page make-up on tele-

At present, the News International management is

taking a very cautious stance

It is having an anxious time

trying to negotiate the use of

full page facsimile transmis-

sion equipment between its

on the subject of new tech-

vision screens.

nology.

However,

the

NEWS INTERNATIONAL CONSIDERS EAST END SITE

Sun may leave Fleet Street

people.

BY MAX WILKINSON

NEWS INTERNATIONAL. publisher of The Sun and News of the World Is oo the point of deciding whether to move out of hts Bouverie Street huilding near Fleet Street to a new site in East Loodon.

Mr. Bert Hardy, managing director, said yesterday that the company was now oegotiating o price and contract terms for a site ocar St. Katherine's Dock and for a new huilding there. He said: "We have the offer

of a suitable site and are negotiating with huilders. hnt it is one thing to decide where you would like to go and another to decide whether you can afford it." A decision is expected within a few weeks. The cost of the whole operation locindiog the new plant and mochinery is helieved to he around £50m.

هلذامند للصل

News Internotional ahandoned a plan last year for moving into a site near to Kinga Cross in Canden. Ooe difficulty was the restrictions and conditions which the Labour-controlled Camden Council wanted to impose oo

the venture. It is understood that the company wants to move lts whole operation iocluding reporting and administrative departments out of the cramped and antiquated Bonverle Street huilding into a new headquarters.

If the deal goes through, completioo of the new huild-ing can he expected to take abont four years. During that time, the management will prohobly have to face the difficult question of whether to equip the new huilding with modern computer-driven typesetting machines.

ر ژ

London works and a proposed new printing plant in Glasgow.

The equipmcot would allow all the page images to be transmitted to Glasgow without the need for typesetting in Scotland. However, the Society of Graphical and Allied Trades in Scotland (SOGAT) wants typesetting to be done in Scotland.

The company plans to instal printing presses, hought through an agent, from the Daily Mirror in London, in its Glasgow warehonse. Sonrces outside the company sug-gested that the whole project could be abandoned if agree-ment is not reached with the nnione

However, Mr. Hardy would not comment on this. "I do. not accept that we have such a prohlem," he said.

Welsh radio backers to cut holdings

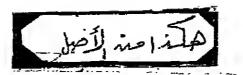
By Rohin Reeves, Welsh Correspondent

THE FINANCIAL hackers of Cardiff Broadcasting have agreed to reduce lheir shareholdings to open the way for wider financial participation in the Welsh capital's local com-mercial radio station.

Mr. David Williams, chairman of the company, confirmed that a prospectus will be issued in September inviting the Cardiff public to invest in the venture, which was awarded the which was awarded the fraochise by the Independent

Broadcasting Authority in April. The move is another step towards fulfilling Cardiff hroad casting's pledge to establish a community-based radio atation. In principle, oo investor will hold more than eight per cent of share capital amounting to £500.000.

Control of the company ia already split equally between the financial hockers and the Cardiff Community Trust which has emerged from o series of public meetings.



though, the compay might well

dustrial action.

Financial Times Wednesday June 13 1979

K NEWS - LABOUR

Chrysler offers 13% package

BY OUR LABOUR STAFF

RYSLER UK offered its policy supplements, implement. The company said yesterday: in the past three years. 00 employees a package yes- ation of a parity scheme, restor. "The cost of meeting these "To do this it is essential that lay worth about 13 per cost ation of differentials and stan- committee to a some than we achieve continuous produc-the company's wage bill in dardisation of overline and firm, the equivalent of an S.4 per tion, increase our market share, "the chimes for hot were and the company is used on the equivalent of an S.4 per tion, increase our market share." RYSLER UK offered its policy supplements, implement-

"To do this it is essential that

lay worth about 13 per ceot the company's wage bill in y to claims for between 22 25 per ceot. be company' — which still more than 800 workers at r-time working after the apse of the company's ian market — has put the to the workers io two is. can he paid as a rise of l, with consolidation of pay policy, which the company l, with consolidation of pay is a pay policy allowed. is a san across-the-board 8.25 per statual differential payments is an across-the-board 8.25 per statual differential payments is an across-the-board 8.25 per statual losses for the past five is differential payments is an across-the-board 8.25 per statual losses for the past five is differential payments is an across-the-board 8.25 per statual losses for the past five is differential payments is an across-the-board 8.25 per statual losses for the past five is differential payments is an across-the-board 8.25 per statual losses for the past five is differential payments is an across-the-board 8.25 per statual losses for the past five is the to the workers is two is the past five is the to the past five is the to the previous years of pay policy, which the company per cent on basic rates, from i, with consolidation of pay

Decca unable to afford pay deal BY PHILIP BASSETT, LABOUR STAFF

DECCA, the electronics group, Union of Englneering Workers has told its manual and white- and TASS, the while-collar scccollar workforce that it cannot tion of the AUEW, to set up afford to reach a pay settle- joint meetings. otent this year because of cash Mr. Bill Hanmer, industrial

flow problems, union officials relations director, said yester claim. day that the company's cash Decca said yesterday that the position had not been mentioned becca said yesternay that the position had not been him be company was still in negotiation in the discussions, which were with the trade unions oo this still continuing, with the usions year's settlement, which is due Decca reported more that below the monthe norfits in in the discussions, which were

Decca reported more than halved six months profits in on August 1. Union officials say, however, January, and warned that full-that staff representatives were year profits would be consider-called in by the company earlier ably lower than last year's pre-this month and told there would the full-tax figure of £12.30. The group he no negotiations for a settleblamed industrial action in its ment and no increase in August. If the position improved navigator and radar companies.

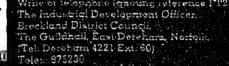
Tube strike

negotiate next April. Some union officials are constill on vinced that the company can

afford an increase, and warned yesterday that onger among the RAIL UNION officials warned yesterday after joint talks employees might lead to inwith London Transport and Union officials are also conofficials of the Advisory, Coociliation and Arbitration Service that the Tube strike cerned that they have not been officially informed as yet of the company's plans, and that the set for next Mooday was slill

company's plans, and that the announcement was originally made to staff representatives rather than full-time officials. The Association of Profes-sional, Executive, Clerical and Computer Staff has called a staff representatives' meeting for Friday to discuss the issue Mr. Charlie Turnock, assistaot general secretary of the National Union of Railway men, said that nothing had happened which would allow the unions to call off the strike. Bot Mr. John Cope, London Transport chief industrial relations officer. for Friday to discuss the issue. and has circulated other notions. including the Association of Scientific, Technical and Manasaid that there was still time gerial Staffs, the Amalgamaled before the strike date.





Bid to reopen Scottish bank pay talks

Y NICK GARNETT, LABOUR STAFF

TTISH BANK employees the re-opener claim to the union's deputy general secre- rejected hy all the clearers' trying to reopen pay talks. Scottish clearers who will view tary with responsibility for staff bodies. Indeed less than three it as part of an attempt by the Scottish employees, said the The union's Scottish reprebe Banking, Insurance and equivalent. ince Union has submitted Mr. David Paterson, the

Cement industry claim 🗽 oes to arbitration

Y NICK GARNETT, LABOUR STAFF

PAY claim for process Blue Circle, Tunnel Cement, ters in the cement manu- Rugby, Lafarge and Ketton. ring industry is heing taken Both the nnions and the bitration following rejection Cement Makers' Federation have a pay offer valued by agreed to accept the result of loyers at more than 16 per arbitration, which will be under payment. This offer has heen on the wages bill. the auspices of the Advisory, le General and Municipal Conciliation and Arbitration kers' Union, the biggest in

industry together with the isport and General Workers, heen preparing to ban overin protest at the offer. . Frank Earl. General and

eview angers unions

GOVERNMENT'S decision one-day strike and further

?d.

ths ago, hecause of the union to mount leapfroggiog union was prepared to have its sentalives say the differential r made to staff in the claims by playing off the Scottish settlement date moved from between England and Scotland lish clearing banks. banks with their English April 1 to July 1, the current has now heen effectively res-

with 5 per cent to remove pay anomalies hetween the Scotlish ment date of May. and English clearers. There was The hanks show no signs yet also 3.5 per cent consolidated to of making any altempt to im-

their 5 per cent productivity through the publication of new

the auspices of the Advisory,

riary of the union side of ndustry's joint council, said would have paralysed industry's dependence on industry's dependence on line working.

ic national agreement covers Improved. Employers say the than 7,000 process workers overall claim is worth more than the big five manufacturers— 30 per cent.

Civil Service staff level

eview Civil Service staff s, which could lead to a loss 50,000 jobs, was attacked arday by the unioos con-Bepartment to meet SI Ian Bancroft, head of the home civil

Bill Kendall, secretary service, over one pay claim for ral of the staff side of the about 20,000 seleotists and Service National Whitley another for about 40,000 pro-

Service. The rejected offer raised the hourly rate of the lowest labourer grade from 98p to 136.86, with the highest craft grade rising from 125p to

settlement date for the English lored by the offer. clearers, as a trade-off for extra Mr. Leif Mills, the unioo's Scottish employees received that if the banks proposed a an 8.5 per cent rise, together chaoge in settlement dates, he would prefer a common settle-

huy out unconsolidated 5 per prove their otoncy offer. An cent productivity payment. The Englisb clearers have English clearers would be offered 11 per cent new money advantageous to the banks, to their 200,000 slaff, together however, hy improving their with the full consolidation of ahility to recruit school-leavers

pay scales.

RIO white-collar civil sers, said yesterday that the had "the look and smell of hery.

r. Kendall said that the rc-20 per cent, was a political

uther legislation which the Service would have to r out might upset the Prime ster's and the Cabloet's rmination to cut hack the of the Service.

hen the full implications of proposed cuts were known the specific services which ld have to be dropped were ded, there would be an out-

istrial action, including a mate-

which represents all fessional and technical staff,

Brixton prison staff protest

, which will examine ways THE 530 prison officers al Lon-thieving cuts of between 10 don's Brixton prison say they don's Brixton prison say they will refuse to do anything except feed the prisoners today in prn test over the suspension of five colleagues who are to he charged with assaulting an inmate. They also plan to occupy the prison chapel until the threat of suspending their colleagues is lifted.

"The action will mean that prisoners will not he taken to crown courts, no prisoners will be received and there will he no from all sections of the legal or social visits or exer-cise," said a Home Office official. w traditionally moderate The five prison officers are to be fution of Professional Civil charged inday at Brixton police onis will inday authorise station with assaulting an in-

COHSE to resist cuts 3Y PAULINE CLARK, LABOUR STAF

E its members' jobs.

n in Bridlington, called on Officers Association io Black-Margaret Thatcher "tn pool. Iember her promise during He said that it was public

nter-union difficulties in the

GOVERNMENT was Royal College of Nursing for ned yesterday that the affiliation in the TUC. Mr. ifederation ni Health Service Spanswick said he could pluyers, the biggest health oppose it, but had no power of

veio the union, would resist A further attack on public the all its might " any freeze service job cuts came vesterday from Mr. Edward Alderton io Ir. Eric Wilson, president of his presidential address to the 230,000 strong union, at the annual conference of the federation's annual confer- National and Local Government

cleation that there would be sector jobs and services which inajor chances in the would be used by Sir Geoffrey tional Health Service." Howe to pay for tax concessions. Howe to pay fur tax concessions. On top of the threat to local alth service were underlined government, the health service deletates approved a also faced a cut in funds and tion instructing Mr. Albert in administrative jobs " with the inswick, general secretary, in possible abolition of the Area o any application by the Health Authoritics."

RATES 1979 shows what increases have been agreed between major companies and their hauliers in 1979 and what rates are now being paid.

RATES 1979

- RATES 1979, to be published on 15th June. contains:
- I. details of negotiated rate increases and fuel surcharges applied up to June 1979.
- 2. schedules of rates now in use for various classes of traffic -- bulk liquids, containers, general freight, smalls, etc.

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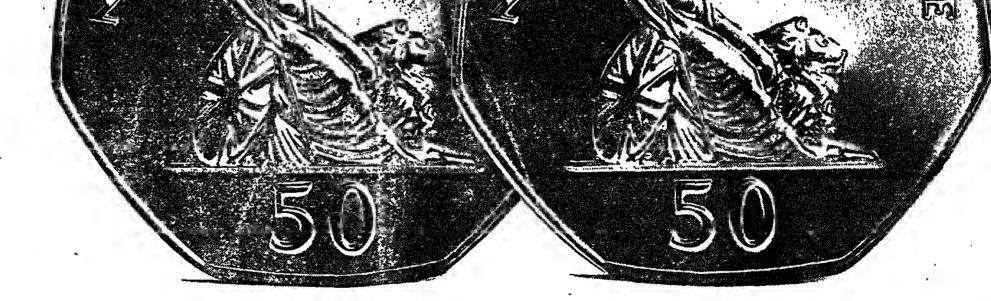
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LETTERS TO THE EDITOR

12.

The new British Library

From Mr. R. Price

rom Mr. R. Price dynamism of the library board, Sir.—Regular readers at the the procrastination of succes-British Library science refer- sive Ministers and the parsience section, the bibliographic mony of the Treasury that my workshop for manufacturing in- local library now provides industry, are faced with a cnn- finitely better, although less stant erosion of open access specialised facilities, than those material as the collection is I use daily at the British

selectively eased, weeded, re- Library. organised, rationalised and relegated to stores in and around London. The part of the collection now housed in the "temporary" slore in Lincoln's Inn Fields is covcred with polythene as the roof leaks.

The Athenacum protested even in the 1850s that "no man can write at the Museum and not one in ten can read to any good purpose." Today the library's graduate staff hang their coats in broom cupboards and manhandle a hundred lons of periodicals down 50 feet of stairways due to inadequate lifts.

The new library must be built; on the criteria by which such projects are judged, it should have been completed 10 years ago. It is a tribute to the Sution, Surrey.

New ground rules

From the Choirmon.

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Association of Independent Businesses.

Sir. -- Samuel Brittan's "The Budget I Would Like To See" (Economic Viewprint, June 71 shows just how far economic thinking has advanced from the nld Keynesian days of crude demand management. For that reason, among others, it is the sort of Budget a lot of us out here in business would like to see, too.

All the more surprise, then, at Mr. Brittan's seeming lapse into the old thinking on the key question of reducing unemploy. nature more labour-intensive. ment. I thought we were all and by their very scale more now agreed that it depends on flexible and competitive. I sug-Ing for an increase in crude new ground rules emerge in the GNP.

For some years It has become steadily more obvious that when the large-scale corporations increase output they are every bil as likely to become more capital-Intensive still, and even small

resources. Brian Kingham. Enrope House, World Trade Centre, El.

trics.

It needed only 5 years with the energy and drive of an vehicles Italian refugee to complete the present building. Let those From the Director-General, who seek to retain it and those they seek to influence enthuse Panizzi's principles. I want, he told a Parliamentary Committee, a poor student to have the same means of indulging his

with two voices on energy policy related to transport. learned curiosity, of following He wants abandonment of any his rational pursuits, of consultaction to make goods vehicles be introduced? more efficient by allowing them M H Williams ing the same authorities, of fathoming the most intricate to operate at their designed

whole.

inquiry as the richest man in weight. But such a move would the Kingdom as far as books hring energy savings per tonne go, and I contend that the Government is hound to give of payload of S per cent. Equally important, there would be a him the most liberal assistance potential 10 per cent reduction in total operating costs to belp

in this respect. R. B. Price. 28. Holland Avenue;

shed lahour. They are worrled about the consequences them-Jim Callaghan, when selves. Prime Minister, was he was worried about il: one cannot condemn the trend because British industry will he seen off by overseas competitors with higher productivity if it does not improve per capita produc-

tivity itself. And now silicon chips promise to speed the process even more. All of which changes the old ransport's gain. H, R. Featherstone. arithmetic about increases in GNP and increases in employ-

Tunbridge Wells, Kent. ment. They are no longer the same thing. The best way out of the trap at present seems to be offered by new and independeni husinesses, by their very gest we are going to see some

way mature industrial economies are run. On the one hand rent hiccup in oil supplies as 'employment management " will be concerned with the distribution of resources between 20 years' time. It is too early to judge how the aspirations of new and Jn the circumstances, the useful the codes will he, but small husinesses, and the wisdom of reducing supplies to surely before they are criticised

On the other band, services need to be in a position "growth mauagement" will turn to provide alternative transport into a science related 10 the for people whn decide to econo-consumption of scarce natural mise on the use of private transport. To enforce cuts in public transport by reducing fuel sup-plies, will only ensure that many services and the use of asso-25

ciated resources hecome more unecocomic, thereby making the withdrawal of such services Heavy goods strong candidates when considering future cuts in public spending. Does the country really helieve that this is a logical Freight Transport Association.

Sir, — It is perhaps Dr. L. S. helieve that this is a logical Taitz of the Conservation transport policy? Should we not Society tJune 6) who is talking be using these next few years be using these next few years to create a transport infrastructure which would enable more flexible transport strategies to

> M. H. Willlams, Room 307, West Side Offices,

Kings Cross Station, NI. Post Office

practice offset the increased price of fucl which already is working its From the Executive Director, way into the economy as a

Mail Users' Association His sole argument against the Sir .--- The Mail Users' Associa-

change is that it might make tion was surprised to learn that the Post Office's codes of pracroad goods transport more competitive than rail. At the martice had received such gin this may be true, but for the vast majority of rail freight (bulk and/or long-distance lukewarm reception from the Director General of the Office Fair Trading (June 71: of hauls) rail's cost advantages are possibly bis comments stemmed far greater than any saving that from a misconception of the might accrue from increasiog nature of the mail services. goods vehicle weights. And in any case rail

The ordioary mail services already short of fuel itself. Road are not intended for the transport of valuables and thus transport's savings could be rail compensation of up to £12.50 for loss or damage seems reasonable. Registration or Hermes House, St. John's Rond. insurance schemes are available

Transport policies

From the President The British Transport Officers' Guild

Sir,-It would he wise if the hecome less used with a concountry looked upon the cursequent increase in unit costs. which again would be passed an indication of what is likely to he a normal situation in 10 or on to the customer.

is some objective evidence with which to assess their usefulness. M. E. Corby.

29 Sackrille Street Piccadilly, W1.

Fuel crisis solution From Mr. H. Anrestad

Sir -It is the law of nature that there is always sufficient supply of any goods which can traded without restriction whereas crisis of over or undersupply can be created only when

prices can be manipulated. I presume that Mrs. Thatcher does not want any oil crisis. so why does she not take this

opportunity to demonstrate how the market forces work freeing the fuel from all restrictions and the "crisis" is over. Since the present crisis is man made, the prices ought to drop quite a bit. I wisb someone would tell me where 1 am going wrong in such a simple matter. H. Aarrestad,

Aarrestad Exports. 28. Queensgate, Inverness, Scotland.

Closures in the regions From the Chairman,

Economy and Employment Committee, Devou County Council Sir,-I was interested to read

your Scottish correspondent's report (June 6) of the high failure rate for companies moving to the regions. This is certainly not our experience in this part of the south-west for more valuable items. If a assisted area, where my council higher level of compensation is committed to the recruitment were in he provided for the of inward employment investbasic mail services it would probably have the effect of dence that indigenous companies Increasing prices, Compensation are at greater risk than the

has to be paid for and this would feed through to tariffs. newcomers. I suspect the reason is that The premium services would ours is a relatively low-key pro-motion and that the natural assets of the assisted area must themselves to newcomers. sell The majority of new firms build their own premises rather than renting advance factories, and again f believe that this imposes

strident preservation-minded de- public transport services must they should be given a fair trial, a more searching discipline stantially the demands ou of a single child he only a mauds of old and large indus be questioned. Public transport say for 12 months, so that there upon them than using capital engineered heat removal threatened to cut the child in a more searching discipline stantially the demands out the child in a more searching discipline stantially the demands out the child in a more searching discipline stantially the demands out the child in a more searching discipline stantially the demands out the child in a more searching discipline stantially the demands out the child in a more searching discipline stantially the demands of the second to cut the child in a more searching discipline stantially the demands of the second to cut the child in a more searching capital engineered heat removal threatened to cut the child in a more searching capital engineered heat removal threatened to cut the child in a more searching capital engineered heat removal threatened to cut the child in a more searching capital engineered heat removal threatened to cut the child in a more searching capital engineered heat removal threatened to cut the child in a more searching capital engineered heat removal threatened to cut the child in a more searching the second searching the searching t provided by the community. It cannot he denied that the

grants, loans and other inducements are by and large compensations for trading at a disadvantage. All too often they lend to obscure the fact that a project is simply not vtable. In their nature it is the major

industrial regions suffering practice all the reactor systems structural decline of primary receiving serions attention-industries which recruit the today can be made acceptably large units of employment and safe although there will be large units of employment and attract corresponding publicity when these fail. Michael McGahey.

Watching the

County Hall, Excier.

screen From the General Scoretory, Associotion of Professional, Executive, Clericol oud

Computer Scaff Sir,-Mr. Woolard's comments (June S) on the Association of Professional, Executive, Clerical and Computer Staff's agreement with NEI Parsons are totally misguided. Considerable remisguided. search has been done on the impact of visual display units on the health and evesight of operators. Research here and abroad indicates that con-tinuous working with VDUs is undesirable. The comparison of TV viewing with VDU operation is completely invalid. How many people watch TV in a brightly lit room at a distance of two feet?

The APEX agreement with NEL Parsons leads to no overmanning but is a positive step forward in the introduction of micro-technology into offices. Our members do other work in their break from VDU scanning. We have a redeployment clause in our agreement to assist in retraining staff for other positions as necessary, and there is ment. Indeed. there is every evi- a joint committee of the company and APEX monitoring the Introduction ο£ microlies.

technology. The suggestion that a sophisticated company like NEL Parsons would make an agreement that reduced efficiency displays a deplorable lack of knowledge about the industry. the agreement is important as it allows the company to secure the benefits of micro-technology with the co-operation of the staff in a manner that will provide mutual benefits to both sides. That is the basis upon which Britain can re-establisb Its former industrial lead. Roy A. Grantham 22, Worple Road S.W.19.

Reactor

design

hours.

From the director, Special Dutles Risley Nucleor Power Development Establishmenet Sir,-Dr. Haigh (June 5) Ignores the unique advantage of the pool type sodium-cooled breeder reactor design which can, if required, safely absorh residual heat after shutdown without any supplies of water or power for the order of 10

achieves this

systeons and station operators and is widely acknowledged to be highly beneficial. would indeed he very -1t

fallacy is increasingly commin, useful if there was one singlebut the FT should know better; feature such as gas cooling which had everwhelming safety nr performance advantages but none bas yet been found. In

differences to the engincering features to achieve this:" From Mr. K. Heath Sir.—As a mining engineer with some experience of the A. D. Evans. United Kingdom Atomic Energy

Authority (Northern Division), Risley, Warrington.

Unfair to

Solomon From Mr. N. Senders

Sir,-Margaret van Hatteon not uncommon, but I bave never (June 7) writes that, by dividing seen figures to refute it until itself between two rival loca- now. It is on a level with the tions, the European Parliament failacy that low grade ore should adapts the wisdom of Solomon. be mined when metal prices are high and high grade when prices This may be fair comment oo the European Parliament but is are low, to gain the highest not fair to Solomon, who did profit. not advocate dividing anything. K. C. G. Heath. When faced with two women "Benrsden," Onslow Road, both claiming 10 be the mother Sunningdale, Berkshire, Support for families

If. for

balf. The differing responses of the the women then chabled him to

identify the real mother. This

1 Kings 3.27 refers.

Fieldray, Warster Road,

Inflation and

effects of inflation on the evalua-

tion of mining properties, I

should like to express my admiration of Samuel Brittan's

lucid exposition in the Lombard

column of June 11. The failacy

that minerals increase in real

value when left in the ground is

N. W. Sauders.

Cookhom, Berks.

mining

From the Reverend Councillor and is regressive. D. Jennings example, tax is paid example, tax is paid at higher Sir .-- I could not agree more than the standard rate, the with Mr. D. G. Lindsay's state-ment (June 9) that "it is tax- terms, is more than that for the payers who are supporting children that are most in need standard rate taxpayer. This, I believe, is unaccuptable. I would suggest, therefore, of relief," although 1 would add that the most effective and just the plea. " not just taxpayers." way of supporting families is through a substantially in-I would, however, strongly dissent from the suggestion creased child benefit, Furtherthat the best way to give sup-

port to families with children more, it ought in be noted, that is to restore child tax allow- a child tax allowance, like child ances, and for two primary benefit, is a form of state Such allowances do assistance, and it cannot be reasons. not benefit families who do not suggested that only child benefit pay tax and, in particular, many represents "the state's responpaid and one parent fami- sibility . . . tn provide for the Child tax allowances place children." low paid and one parent fani-

differing monetary values on (Rev. Chilr.) David Jennings, different children, depending on S, Henthfield, the size of taxpayers' income, Thringstone, Leicestershire.

Making tax cuts

From Mr. A. Nolson, income, is not, of course, in Sir,-Frank Field, MP (June itself sufficient for the purpose, income, is not of course, in-S) does not give any figures to but if we assume that the man support his subgation that only in question is married, has about 45 per cent of personal huiding society interest income is taxed, so that it is amounting to £80 per month and enjoys no other income tax allowances, the position was as The effective average rate of

impossible to test this allegation; my experience leads me to regard it as at least highly follows in respect of 1978-79: dublons, certainly so in relation to the higher income groups, and it is in these groups that such a man is thus almost 10 per cent hisher than Mr Field

when it to it mene Promba came	ber come megner their stri and
Grass Income	£15,000.00
Building Society Interest	
Personal Allowance	1,535,00 2,495.00
Taxable Income	- £12,505.00
	· material ·
Tax Payable	
	Income Tax
151	
G 60%	5.00 3.00
	£12,503.00 £4,758.00
a da la compañía	and the second s
	£4,758.00=31.72% of £15,000.0
our high rates of tax do most	would have us believe. or, to p
Wai Light Lewis CI LLX UD 11208L	would have as percore, or, to p

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Financial Times Wednesday June 13 1979

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virtue of the large heat sink provided by the sodium pool and natural circulation both of which have been demonstrated on the prototype fast reactor (PFR) at Dounreav in Scotland. This feature cases very sub-

if another Mr. Fleid's allegation that a man corning £15,000 per annum pays what he describes as " an cifective average rate of 22 per represent his rate of tax as onethird less than his true rate. A. W. Nelson,

cent" is, however, susceptible of examination. The crute data given, namely the man and the Hedgrows, Orchard Road Protts Bottom, Kcul.

Sime.

TODAY'S **EVENTS**

ιbγ

GENERAL UK: TUC economic committee

discusses Budget. Mr. Paul Channon, Civil Service Minister, meels Civil Service unions on senior pay offer. Lord Mansfield, Scottish Office

NALGO conference continues at Blackpool. COHSE conference continues

at Bridlington. Sir Kenneth Cork, Lord Mayor

of London, attends International

Cable Development Corporation tunch, Guildhall; and City of Londnn banquet for President Daniel arap Moi of Kenya,

Guildhall. Ladbrokes casioo licence applicatioo resumes. c Cardioal Basit Hume addresses Press Association lunch. National Federation of Women's Institutes' anoual moet-

ing Royal Albert Hall. Tower of Loodon Fair, in the

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fessional investors, stockbroiters

and accountance.

FRE

Moat (to June 14). Three Counties Snow, Malvern, Worcs, (to June 14). Overseas: Financial Times con-

ference on Wurld, Gold in the 1980s, at Montreux, closes. Japanese delegation led by Keidauren President Joshiwo

Lord Mansfield, Scottish Office Minister, meets Unilever to Doko attends conference on discuss future of Lawsons of Dyce factory. London Chamber of Continerce conference on new rules for busicess in Irao. Mr. Micbael Heseitine, Environmeot Minister, addresses Westminster Chamber of Com-merce. NALGO conference continues

industrial strategy (Lord Melchett).

COMPANY RESULTS Final dividends: Alliance Investment Company. Bell and



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Hawtin, Metropole Hotel, Blackpool, 2.30. John Lewis (Partnership1, 4, Old Cavendish Street, W, 12.30. Mellins 124-130. Seymour Place, W. 12. News International, Sadlers' Hall, Gutter Lane, EC, 12, Sanderson Smith Line Ec, L. Santerson
 Isyser, Newhall Road, Sheffield,
 Smith St. Aubyn, White
 Lion Court, Cornnill, EC, 12,
 Tozer Kemsley and Millbourn,
 28, Great Tower Street, EC, 11.45,
 Arthur Ward, Dardray, Workay,

Arthur Wood, Bradwell Works, Stoke-on-Trent, 12.

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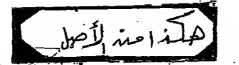
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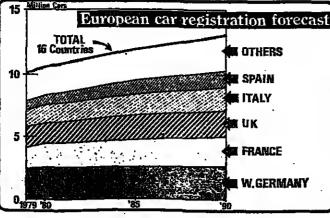
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GM's \$13bn drive for world sales

and the second second

ERAL MOTORS, the world's ing the inadequate profit-ty of its overseas operations. plans will, for the first head of GM's overseas opera-bring the full weight of tions, pointed out in March of Deturing the full weight of tions, pointed out in March of the version of the formation of the first the version of the formation of the first the version of the formation of th

egy that the company is dering the hurden of such ved foreign expansion at a when the U.S. motor try is facing unprecedented d expenditure requirements meet U.S. government economy, pollution ol and safety regulations. se investment require-s, which could involve GM in some \$12bn of capital tment in the next three , are already putting even finances under some are—as its decision to cut total dividend last suggested. The pressure s U.S. rivals from these stie capital investment is even greater. Chrysler, ticular, faces a struggle to

ious European expansion may well have been nced by its U.S. financing

investment programme in e. mainly in Spain and ia, is only one facet of the my's broader ambitions.

early GM has announced this year to commit

ist automotive producer, is nting a \$13bn drive over the either the scope of their objectives or some of the principal decade aimed at expanding tives or some of the principal hare of world markets and factors which have impelled this

bring the full weight of tions, pointed out in Match of Detroit giant's formidable this year that outside of North cial power to bear in the America (the company national arena and are holds a commanding 59 per oed to tilt the competitive cent-plus share of the domesticcial power to bear in the national arena and are holds a commanding by per-oed to till the competitive ice in many of the world's ally-built U.S. passenger car market) General Motors sold is a measure of the only 1.9m cars and trucks last rtance GM attaches to this year, a market share of 8.8 per cent. "That is only good enough

> By STEWART FLEMING in New York

for fourth place behind Toyota, Nissan and Ford," Mr. Cunningham remarked, adding "General Motors does not feel very com-fortable in fourth place."

GM's discomfort can he explained partly in terms of its management's own sense of failure at its overseas performance, especially when compared with its success at home, and by a growing realisation at its Detroit headquarters that as the world's automobile markets the burden, while Ford's become more closely integrated, on to scale back its an inadequate international performance could tbreaten its

domestic market position. Its sense of failure abroad has s in the context of a world- standing growth overseas of growth strategy that GM's Ford, Its near neighbour in incement on Monday of its Detroit and the number two in it ever overseas capital the U.S. motor industry. Mr. ment programme has to be David Healy, of Investment That announcement of a bankers Drexel, Burnham Lambert in New York, says that CM's management has been "appalled" by how well Ford has done overseas.

Although GM beat Ford into overseas manufacturing in the eds of millions of dollars 1920s, huying Vauxhall in 1925 lor expansion programmes and Adam Opel in 1929, over operations in the company. nezuela, Colombia, Mexico the past two decades Ford has Earliet this year, Mr. Elliott vrazil. And the new invest- carved out a bigger, more sophis-in Europe comes on top ticated and much more profit- admitted that the company was

Normally reticent GM execu- corporations in the U.S., with tives have made little secret of sales revenues of \$63.2bn and net income of \$3.5bn. Ford was

number three with sales revenues of \$42.7bn and net income of \$1.59bn. More striking, bowever, is the fact that Ford earned \$770m on its overseas sales revenues of around \$13bn, but GM earned only around \$280m on sales of Sitbn. Both companies sold 1.9m cars and trucks abroad.

It is not just the indignity of seeing its Detroit rival outpacing it overseas that bothers GM, however. Like Ford, GM bas come to accept that the rate of growth of demand for vehicles is likely to be greater in many of the foreign markets

than in its domestic market, where car density per head is much higher and where GM's dominant market sbare is

increasing its vulnerability to anti-trust pressures. GM is also putting increased

emphasis on its overseas business because of a growing awareness that the changing structure of international automotive markets increasingly demands a worldwide marketing approach. The company recognises that it must keep abreast of the trend towards the "world car" con-cept—a vebicle which shares the same basic design and has many common or Interchangeable parts as possible and which will compete successfully in many of the world's major automotive markets.

Stirrings of impatience among GM's top management at its overseas performance became most visible a year ago. when the company disclosed fundamental reorganisation of its international management. This centralised international operations in Detroit, with the objective of improving control and co-ordination of what had tended to be semi-independent foreign divisions and boosted the status of these foreign

And the trend which has seen

cent during the same period seems likely to continue.

by the Paris-based Eurofinance research organisation suggested that the growth path for European-built cars was in the

range of 1 to 1.5 per cent a year

compared with up to 3 per cent

for car sales in Europe.

For example, the recent study

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viously determined invest-programmes in its exist-uropean divisions, includ-smaller company. Last year GM

"not proud of the fact that (Ford) is ahead of us overseas. We intend to go out and get dam Opel in Germany and once again headed the Fortune him and we are going to pas tall in the UK. 500 list of the largest industrial him; that is our first objective. him and we are going to pass

A far-reaching impact on urope's sales and makers



Vauxhall's Chevette (left) and Opel's Kadett-replacement by the 'J' car

ss future new models for the obviuus reasons of cting and competition. But hit often seems like a big te where gossip flourishes. a project as large as the fled J-car has been hard teep under wraps. Con-intly, as with Ford's forthng Frica, quite a lot of l about GM's new small car ilready leaked out one way

other. is designed to replace GM's ette (also sold under the tt and Gemini names) and compete with cars like 's Erica and Flesta, the Mini Metro from BL, Fiat's o-Strada, Chrysler's Omni-zon, the VW Rabbit-Golf Toyota's Corolla.

royota's Corolla. e J-ear, according to oit, will be a compact, .-wheel-drive hat chbock in with the engine mounted wersely to give as much tor space as possible. ue to the "wirld car" ept, ir will be sold in Asia Africa as well as North rica and Europe, so it could be assembled in the U.S. or ada as well as Spain. Isuzu apan also might make its leular version. te engine reputedly is to be werhead canishaft 1,600 ce-) ec unit to be made at e other plants around the d as well as at the proposed Austrian establishment, th will export around twois of its ouipul. And GM's sinn to site the assembly t in Spain has much to do t its belief that it will be ponents, much more than which will be shunted i one international market nother in future.

CAR manufacturer will its doorstep and GM's fore- some of Opel's production ss future new models for casters insist that developing bottlenecks as well as moder-the obvious reasons of countries, including Spain, have nise and refurbish its plants. the greatest potential for growth. But potential new car registra tions tell only part of the European automotive story. Many 'the chart at the top of the analysts believe that car produc

page, shuwing the kind of fore-casts which have been recently circulated within GM's manage-ment in Europe, indicates an expected 4.3 per cent annual rate

BY KENNETH GOODING MOTOR INDUSTRY

CORRESPONDENT

of increase in new car registra-tions in Spain compared with nne of 2.4 per cent for Europe (16 comptries) as a whole.

At the same time, the West Germau market, which nearly The difference can accounted for by increasing imports and falting exports. all automotive economists agree all automotive economists agree is overbeated at the moment, seems set 10 go through a "normalisation" process and get back to the levels of demand which really are sustainable. This is important for GM because Weet Germany is its On the imports front, the developing countries will be making attempts to gain a firm foothold in Europe: the smaller US-produced cars should make an impact, and Japanese pres sure will continue. Exports will also be affected by the insistence of Governments

This is important for GM because West Germany is its best individual European market and the one where the strength of its Opel subsidiary is a major factor. Opel has been working at over 100 per in many traditional export mar-kets and the developing coun-tries that there be some local assembly. And because it makes good commercial sense to set up cent of rated capacity for more tha na year but still cannot cope will demand. The GM assembly plant at Antwerp which is servmanufacturing base in the U.S. once the sales reach the ing all the European markets, not just Germany, and produc-ing Vauxballs as well as Opels, right kind of level, other European groups might follow the Volkswagen example, VW's new is introducing a second shift which will double its capacity assembly plant in Pittsburgh will be making S00 Rabbits (or Golfs in their European guisel

tu more thon 1m (compared with the Opel output of 959,200 last year) and this will case the a day which would otherwise have been shipped from Gernother in future. makes sense to place any gramme for 1977-1982, of which assembly plant where it DM 1.5bn had been speut by the a good "hume" market on end of 1978, will also straighten facturers' production. problem. The DM abn investment promany

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the Export Salesman's job is a pretty hard slog - that exports start back home", Norman Burge, Shop Floor Representative.

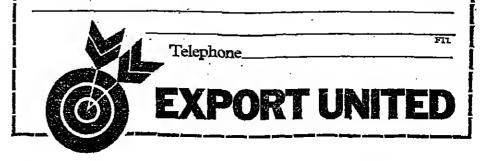
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Me demonstrating a suit".

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tion will not advance at any-thing like the same rate as sales. the European car market rise by 10.6 per cent on the 1973 peak while output has fatlen by 1 per

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12

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FINANCIAL TIMES REPOR

Wednesday June 13 1979

Local Authority Finance

Even before the return to power of the Conservatives, with their declared aim of pruning public expenditure, there was growing evidence of a change in attitudes generally to local government spending. The mood in Whitehall now suggests that closer scrutiny will certainly be the order of the day.

regarded both economic growth

generally and the growth of community services as normal.

Indeed in retrospect it would

have seemed that the relation-

ship between the two was inevit-able and acceptable. As afflu-

ence grows, so more is spent on services, and a growing pro-portion of services are those

which, in most industrialised

countries, tend to be provided

collectively by aome form of

decentralised local government.

In short, community aervices bave been income-sensitive.

In this country, for example,

the proportion of national income spent on local authority

services (even after allowing for the transfer to other

Proportion

bealth,

local

Life have to find aufficient savings to offset cost inflation or they would bave to bear the excess themselves. If they chose the latter course, then—so some under observers reckon-the effective rate of Government grant in 1979-80 is likely to fall from the 61 per cent level fixed last November to nearer 58-59 per cent. Moreover, given the a new Thatcher Government's aim of reducing the acale of public spending, local councils can look forward to the prospect of progressively lower percentage rates of grant in 1980-81 and later regime later.

Local councils bave only themselves to blame if they failed to see this coming. It is Irue the Callaghan Government had By Colin Jones

THE IMPLICATIONS of the provided for some resumption in the underlying rate of growth in local government spending. change in direction at Westminster six weeks ago bad in local government spending. already been brought boma to on both current and capital local authorities before the account. It is also true that the Chancellor unveiled his Budget outgoing Government had imaccount. It is also true that the yesterday. At the beginning of plicitly accepted the consequen-last week the representatives of tial resumption of growth in tial resumption of growth in the local authority associations local authority manpower, which attending the Consultative Count the quarterly manpower count cil on Local Government had revealed had begun to take Finance were told in the place about this time last year clearest possible terms that the (and which the present Govern-(and which the present Governcash limit on this year's rate ment is seeking to squasb). But support grant would not be the signs of a change in the adjusted to take full account climate of attitudes towards of the growth in local governpublic spending in general and ment costs, including in par- local government spending in ticular the recommendations of particular had been there to the Clegg pay comparability read. commission

Shifts in borrowing

LOCAL AUTHORITY borrowing ing requirement. As against a due technically within one year has undergone considerable figure of £3.3bn in 1974-75, the and another £6bn in the next change in the past few years, net borrowing requirement in under two dominant influences. 1973-79 totalled only £386m in First, local councils have been the first nine months: the final obliged to scale down sharply figure for the year is likely to the volume of their new invest have been in the f600m to ment spending. Secondly, they £1,000m range.

lance a

sector so as not to lose touch with this potential source of funds); it has also led to the virtual demise of the straighttwo years. Only £11bn fell due after three years. The Treasury hinted at imposing restraint by introducing new provisions in the Control of Borrowing Order forward local bond and local mortgage.

In their place, the money but was persuaded by the local market has tapped an entirely

Locsl councils would either of the provision of local ser-have to find aufficient savings vices, at elected and official mid-1970s, the proportion rose to offset cost inflation or they level, bave grown up in a period would bave to bear the excess in which the climate of opinion themselves. If they chose the regarded both economic growth one can assume that this

One can assume that this process cannot go on for ever. There is a limit to the weight Government with the avowed of taxation-central or localwhich people are prepared to stomach. California's Proposiintention to cut public spending has been greeted with hostile indifference by the leaders of tion 13 may be regarded as an American phenomenon, but aome (mostly trolled) councils. American phenomenon, but broadly similar currents of popular feeling can be detected in this country. It is true that local councils have been increasingly encouraged by pressura groups, by national politicians, and by their own government has powers in reserve to make its influence felt upon local decision-making. decide to use them. The Conservatives appear to bave pushed the idea of abolishing. aspirationa to raise standards of service and to develop new scrvices. But they are also now domestic rates well down their pecking order of priorities, if indced it has not been ahan-doned altogether. being urged not least by substantial sections of the electorate to have a very shrewd eye to what it all costs-to curb This is just as well, since abolition of domestic rates their demands on the tax (rate) payer while meeting the demand would inevitably oblige the Government to remove from local councils the power to for services.

decide the level of the general In total, the electorate is now rate paid by (voteless) indus-trial and commercial property speaking with two different owners, and with no local tax hase of their own local councils would become merely agents of central government. In opposition the Conserva-tives set their faces against the Layfield Committee'a recomthe economy generally --- and that could well be rather less mendation in favour of the "unitary grant" in place of the present grant system. In power than even this country had been they may develop a different attitude to the unitary grant for, though some awkward technical

national income. spending. Instead of matching The arrival of a Conservative

it

Labour-con-

But central

sbould.

Financial Times Wednesday June 13 1979,

rate and grant calls to spending programme, as in periods of the 1960s and 1970s, it will now ba much more a question of match-ing aspirations to the funds available.

This could be no bad thing. It considerable could put more drive into the search for better valua for money and better usa of manpower and physical assets. With 16-17 per cent of the national income being spent on the provision of unmarketed services (plus transfer, payments), it would he remarkable if the level of efficiency left nothing to be desired.

A continuing squeeze could also lead to a reconsideration of priorities between and within apending programmes in the light of changing perceptions of aocial need with a view to switching resources from ser-vices which command a diminishing priority to those which have becoma compelling more

There may be a case for charging (or charging more like an economic price) for certain services, or even for privatising them-ie, pulling out altogether. It is ridiculous, for example, that more than £6bn should be spent yearly on indiscriminate subsidies for housing in both the private and public aectors. problems would have to be over-To cope with real social need, come, it would at least serve to a far smaller figure would be sufficient.

give central government a stronger leverage than now exists over the totality of local The provision of leisure services is another (and rather government current spending. newer) area where reconsidera-A further possibility would be tion may be needed. Many local the imposition of cash limits not on the grant central government pays to local government but leisure centres are under-used -or used by sections of the public other than those their on each council's overall spendoriginators hoped to serve. And ing programme. Like the unitary grant, this would call for a more acceptable method the entry of local councils into the leisure husiness has frightened off private sector of judging local needs than now entrepreneurs who might otherexists and it would pose con-siderable administrative prob-lems for Whitehalh, But it is an wise bave catered for those sections of the public which do us Idea the Conservatives had at the local council's facilities. least toyed with while in opposi-These are but two examples, In an age of apparent expan-Either way it would seem sion, the provision of com-prudent for local councils to munity services might well think through the implications have seemed to be an everof severe restraint on spending growing task. In an age of not just for a while, as in the restraint, it will have to be a mid-1970s, but over a moch matter of focusing resources on longer run. Public pressure for the most urgent tasks.

sewerage disposal) has risen more or less continuously during periods of peace in the past hundred years. Between the 1870s and 1914. growth the share of Gross National Product devoted to local government services, including transfer payments, is reckoned to have risen from about 2 per cent to 6 per cent. Between the two world wars it grew from 5 accustomed to experiencing The men and women in charge per cent to nearly 10 per cent. between the late 1940s and the

for the transfer to other agencies from time to time of such services as gas, electricity. water, and voicea instead of just one. At the least, local councils should now reckon on the climate of opinion favouring a moderation in the long-run real rate of growth in local government spending to something like the long-run real rate of growth in

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larger proportion. of their new borrowings with funds of a longer average maturity. Both pressures have cmanated from Whitehall. Both have had sig-nificant repercussions upon the local authority capital markets. The decline in the volume of capital spending stemmed from , the last Government's search for public expenditure economies in the mid-1970s. It is always easier to prune new investment projects than to rein back on current expenditure, and it is also easier to be tougher towards local rather than central pro-

local rather that jects. For local current spend-ing the aim was merely to balt the underlying rate of growth —at least for a while, as far the last Government was the last Government was the canital spend-treasurers' task in implement-ing the new voluntary code of spending was reduced from August. 1977, and which spending was reduced from August. 1977, and which solve a sear at the peak in 1974 requires them to gradually 1975 to £3.6hn in 1978-79 (both figures at 1978 survey prices). Over the same period, how

figures at 1978 survey prices). Over the same period, how-ever, local council's internal funding of capital expenditure rose dramatically, both rela-tively and in absolute terms. As the accompanying table shows, their aggregate self-financing ratio rose from less than 16 per cent in 1974-75 to 74 per cent in the first nine months of 1978-79 ings. Strictly apcaking, observance of the code is voluntary, but the extra discipline it represents was almost certainly un-avoidable. The Treasury bad become greatly excreised by the shortening maturity of aggregate local authority debt the first nine months of 1978-79 ---or almost fourfold in straight-As interest rales rose, so local treasurers went shorter and treasurers went shorter and sborter to avoid having to commit themselves at high rates for long periods. Their response was understandable but the Treasury was worried by the prospect of local authorities having difficulty in raising finance should a main forward cash terms from £679m to an annual rate of almost

This increase reflected a num-ber of factors—spending cuts, caution in estimating for inflation, and a conscious building up of balances in a period of high and fluctuating interest rates. Its consequence, together with that of the reduced rate of capital spending, has been a very substantial drop in local councils' aggregate net borrow-

Net borrowing ls of course authority associations to accept their offer of introducing not the same as gross borrowinstead their own voluntary ing. Local councils also have to re-finance maturing debt and, code.

Up to abont a year ago, the volume of maturing debt was The provisions of the code volume of maturing debt was are not easy to summarise but devising instruments which are still growing apace. Repayments the central element requires more familiar than local of longer term borrowings, for local councils to organise their authority bonds and -mortages ferample, rose from £3.60n in new longer-term borrowings so 1974-75 to more than foon a that the average period to year in 1976-77 and 1977-78. maturity is four years in the Gross longer term borrowings. year to March 1978, five years year to March 1978, five years accordingly, increased from £6.6bn in 1974-75 to £7.8bn in 1977-78, as the table shows. The increase would have been even In 1978-79, six years in 1979-80, and seven years after March. 1980. The supplementary provisions are important, but they greater bad new capital spenddo not alter the underlying thrust towards longer books.

The code focuses on new longer term borrowings and thus only indirectly (and gradually) on outstanding debt. But already by March 1978 (the latest date for which details are available) the effects were beginning to ahow through. Aggregate debt falling due tech-nically within one year had fallen from £14bn the year be-fore to £13bn and debt with a fore to £13bn, and debt with a maturity of three years or more

had risen from £11bn to £14bn. In the case of new longer term borrowings, the effect has been more dramatic, as the table shows. The proportion raised on a maturity of up to two years has declined from 56 per cent in 1976-77 to barely 20 per cent in the first nine months of 1978-1979; and borrowings raised for five years or more have in-creased from 25 per cent to 50

per cent. Behind these statistics lie several interesting develop-ments in the way local authorities bave been raising funds on the markets. The switch to longer term money has reduced althornes having difficulty in ments in the way local action-raising finance should a major crisis arise—such as another the markets. The switch to Mersey Docks and Harbour longer term money has reduced Board (or Clay Cross) affair. local treasurers' recourse to By the end of March 1977, as local loan markets (though much as £14bn of the total local some have retained at least a outstanding debt of £31bn fell footing in the personal savings

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LOCAL AUTHORITY BORROWING

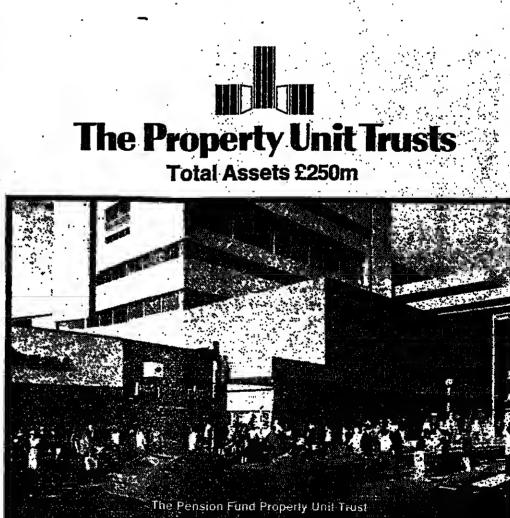
	1974/75	1975/76	1976/77	1977/78	1978/79*
Capital expenditure	4,322	4.528	4.073	3,584	2,413
less revenue surplus	679	1.918	1,683	1,980	1,786
gov't. capital grants	264	166	196	206	167
adjustments	70	5	201	-60	74
Total net horrowing	3,309		1,993	1,458	386
Ital het horrowing	3,303	2,439	1,333	1,200	200
from government	1,136	1.178	627	1,063	440
other sources	2,173	1.261	· 1.366	395	- 54
as long-term	2,996	2,576	1,275	1,767	454
temporary	· 313	-137	718	-309	-67
Gress long-term horrowing					
Negotiable honds	711	833	941	925	515
Stock issues	12	199	158	382	. 224
PWLB	1.826	2,102	1,679	2,271	1,469
Financial inst's.	2,671	3.224	3,660	3,417	1,487
Other	1.357	1,002	1,138	837	469
Total	6.377	7,360	7,576	7,832	4,164
		%		%	<u>6</u>
Up to 2 years	54.4	53.5	56.0	24.6	19.9
Over 5 years First nine months.	- 33.7	31.5	25.7	39.7	50.3

new source of five to seven year money in the form of the syndicated bank loan on variable rate terms (such as 3 months and 6 months Libor). By

CONTINUED ON NEXT PAGE

4

tion.



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Financial Times Wednesday June 13 1979

LOCAL AUTHORITY FINANCE II

In Support grant under scrutiny

l come under pressure iog the next five months, to bod by which central criment contributes to local hority expenditure. The sent rate support system bas id mounting criticism-ticularly from the county ncils-but while all the authority associations that the system has its knesses they bave heen ble to agree on an alterna-

hesc differences of oplnion veen the associations—all of ch are currently Gonserva--controlled—coupled with sheer size of the rate port grant (£7.258bn in)/80) mean that Mr. Micbael eltine, Environment Secreeltine. Environment Secre-will have to face some the decisions during the have to face some to spend because of variations to spend because of variations in the demand for, or cost of, providing aervices. It is per-haps because the needs element accounts for some 51.5 per cent of the total grant that there is so much concern over the way 1980/81 grant settlement in the present distribution sysember.

is final decision on the aize fort grant system was intro- authority's grant allocations, is tion density. d in 1967-68 and has been in subsequent years as a ortion of "relevant" local ority expenditure. Relevant nditure includes thtal budi expenditure excluding s met almost entirely from al government funds such ent rebatea together with charges and capital expene met out of revenue.

the current year relevant nditure totalled £14.109bn lovember 1978 prices and aggregate Exchequer grant again set at 61 per cent, ting in a grant of £8.607hn ding specific and suppleary grants.

rate support grant is ed into three parts-the the resources and the

stic elements. e domestic element in the THE GOVERNMENTS plans to t meets the cost to local make council bouse purchase by pritles of giving domestic tenants easler and cheaper has relief. The level of the guickly run into stiff opposition stic element has remained frum Labour-controlled councils at 18.5p in the pound of which say they will resist to genegate rateable value of the bilt enforced sales of council domestic properties. in houses.

has failen

E Conservative Government out and replaced by tax relief too complex and difficult to Nevertheless the system's had bowed to pressure to pay l come under pressure on rates payments or a rates understand and that its sheer critics argue that despite the part of the needs element direct iog the next five months, to allowance against tax. complexity masks the inherent safeguards the approach still to the district councils rather on rates payments or a rates understand and that its sheer critics argue that despite the part of the needs element direct allowance against tax. complexity masks the inherent safeguards the approach still to the district councils rather element in the grant are to gether designed to enable local authorities to levy similar rates for similar services. The resources element is in-tended to compensate local authorities has heen conducted to district councils and penalise the thrifty. In county councils. Opponents of addition they argue that the in-the district councils rather and penalise the thrifty. In county councils. Opponents of clusion, exclusion, or weighting introduces non-objective criteria "spending spree" by the district councils.

for similar services. The resources element is in-tended to compensate local authorities has heen conducted authorities with low rateable on the hasis of a statistical forauthorities with low rateable on the hasis of a statistical for-resources per bead of popula-tion and is set as a fixed propur-tion of the total needs and re-sources element. Some critics this system is to nse actual justification for the "arbitrary" current proportions under which the domestic element is 32.5 per cent of the total. authorities with low rateable on the hasis of a statistical for-which the domestic element is authorities do not simply receive a grant hased on the hasis of a statistical for-year to year. The system also relies on sometimes outdated and inaccurate data from, for example, the 1971 census, although it is likely that the same problem would apply to alternative distribution systems.

32.5 per cent of the total. The needs element of the grant is intended to even out bow much they spent the previous year for if that were the case the more spent the higher the differences between local the grant allocation would be and there would he no incentive

authorities on what they need to spend because of variations to control expenditure.

is final decision on the aize tent is based on a complex greater spending need and base than a 2p in the pound rate in a four re-appraisant the distribution of the grant mathematical formula for asses the grant on these characteris one year—a provision continued ancing of local and on the services in the current year which is designed to steady argue, bowever, that the present ing need " is identified using a mechanism is designed to steady and the local authorit system fails to distinguish be must decide what services tween real levels of spending example, social and demo- user to year. The rate on-year changes in an individual ber of school pupils or popula- year Mr. Peter Shore, Mr. Heseltine's Lahour predecessor.

into the analysis and can lead to wide variations in grant from

The comprehensibility of the system is not aided by additional refinements and special provisions which affect the amount of grant paid to London. To some extent past to control expenditure. Seeks Instead regression analysis seeks to identify "characteris-tics" of local authority expen-diture which are associated with tics" of local authority expen-tics" of local authority expen-tics " of local authority expen-tics" of local authority expentile authority local for the provision was the provision was local for the

The present distribution sys- diture which are associated with authority lost grant worth more tem is based on a complex greater spending need and base than a 2p in the pound rate in

Balanced

It is, however, clear from figures on the level of rate in-creases in 1979/80, collected by the Rating and Valuation Association that the non-metropolitan districts have not increased spending as a result of this "windfall." In broad terms increased rate precepts from the county councils, caused by the adjustment, have been balanced by a reduction in district rate precepts. But descriticisms of the present dis-tribution system still remain.

The district councils believe the present system is too complicated, yet feel that witbout a total re-appraisal of the financing of local government there is no viable alternative. The metropolitan districts have traditionally benefited from the system operated under the last Lahour administration and are similarly not impressed by

Perhaps not surprisingly it is

the shire counties—which have lost aubstantial grant aid under the present system to the urban and metropolitan areas — that most vigorously oppose it. They alone among the local authority associations call for an entirely different distribution system based on the service-by-service approved in which the numbers in pre-determined "client-groups" would he used to determine grant distribution.

Such a system would relate grant more directly to pro-vision of particular services incorporating some estimation of what standard of service should be provided and bow much should he apent on a parti-cular service. But again such an approach is itself not without its critics and neither the dis-trict councils nor the metropoli-

tan authorities would wish to see the simple client system adopted The Centre for Environment Studies argues, in its latest re-view, that while the service-byservice approach would avoid some of the problems of regres-sion analysis as well as having advantages of its own there are a number of key drawbacks including the requirement for much more detailed data than are at present available.

The authors of the study con-clude that "the service-byservice approach does offer scope for introducing improvements into the present grant system hut to extend it to all, or nearly all, of the wide range of services which local authori-ties provide is not likely to prove fruitful."

At the same time they con-sider there is little scope for improving the existing regression system and restoring con-fidence in the method. Given this ostensible impasse the authors suggest a mixed approach based on dividing ser-vices into two groups some of vices into two groups some of which would be treated on a service-hy-service basis and the others to which a simple singu-lar formula would be applied. Some combination of alternative distribution system might provide a solution to some. if not all, of the existing problems of the existing distribution system. But it is unlikely that In the short term any formula could be found which would satisfy all the local authorities

-regardless of their political complexion. While it seems almost certain that eventually some changes must be made to the existing system, and that Mr. Heseltine will be pressed to make such changes this year, it remains unclear whether the Govern-



13

Specialists in the Local Authority Money Market

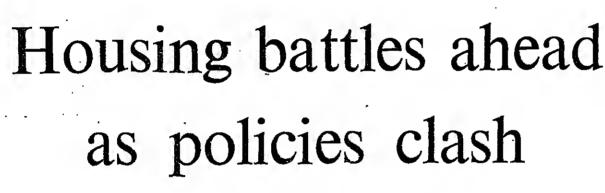
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local authorities to sell council homes. He sald that Manchester-

at 18.5p in the pound of which say they will resist to he said that Manchester. gcregate rateable value of the bill enforced sales of council which bas put a total ban on in Manchester. domestic properties in houses. In Manchester. But be would do well to bear in mind the long campaign in their fought by a number of Con-like becoming another bitter would do everything in their fought by a number of Con-ales since 1975-76. It is taken by the domestic central government was fired place. Local authorities would last Government's plans to intro-ent has fallen, however, within two weeks. of the be in no hurry to implement duce comprehensive education of the overall struggle between of the be in no hurry to implement duce comprehensive education of the current system of providing basic amenities in the ent has fallen, however, within two weeks. of the be in no hurry to implement to four the bear of the current system of providing in the ent has fallen, however, within two weeks. of the be in no hurry to implement to store to provide the fallen to the current system of providing basic amenities in the current system of providing basic amenities in the current system of providing basic amenities in the fallen to the fallent to the fallen Government legislation on coun-til house sales, he said. However Mr. Michael Hesel-tine Environment Sector of council bouse building is largely that the current low level of state grants for badly needed rebabilitation work. tine, Environment Secretary, a product of political dogma, has already announced with Gonservative local authoannounced ing local has already announced measures allowing local authoritics to sell council rities refusing to spend resources allocated to them for houses at discounts between 30 per cent to 50 per cent below market price and logislation Government giving tenants the right to buy a major plank in the Governtheir own homes will be introduced later this year. But the Government un-doubtedly faces a major problem following the unex-pected success of Labour in the but this figure should rise to recent local elections, which saw control of a number of key local authorities switch from Gonservative to Lahour. The greatest opposition may he expected to come from the crucial metropolitan and large district councils which control a large number of council houses and are more likely to of subsidies a year. suffer from serious housing problems.

In Manchester. But be would do well to bear providing basic amenities like in mind the long campaign bathrooms is in the region of

ment would face a major stall. Mr. Heseltine plans to mute The Government still has to ing operation if it attempted any opposition from the local tackle bowever, the problem to introduce legislation forcing authorities by making the new of improvement grants. It has legislation so watertight as to estimated that a fifth of the preclude any of the delaying tactics suggested by Mr. Morris In Manchester.

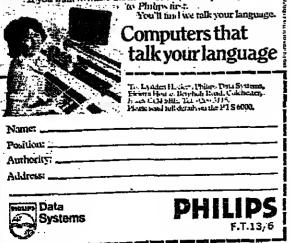
9.3 per cent in 1975-76 to election. On the ere of the cent in 1979-80 which has Queen's Speech Mr. Norman cent in 1979-80 which has to calls from the Associa- Morris, leader of the Labour-of District Gouncils for the controlled Manchester City stic element to be phased Council, warned that Govern-

'We need computers to provide better financial control and a better service to ratepayers. Philipshavethe experience to understand this."

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and the second s

Local Authorities are looking for ways of using their mainfunite computers more effectively. Unly too often, efficiency and good service servin incompatible – especially where incoming exh-handling is concerned. Things have the answer to this problem in the shape of the PTS 6000 Cash Receipting System. Over thirty Local Authorities have already ordered this system to speed up counter transactions and improve control of cash-flow, insking the Philips PTN 0000 the clear leader in the Local Authority field. Workhvick, the PTN 0000 is the financial termutal system chosen for over 55,000 ersher positions in organisations of all kinds dealing direct with the public. With low-owe library software and a wide range of system options, the PTS 0000 offers the next effective solution in your rates and tent office problems, whether it operates on-ling – wany mainframe – w on its own. All you want to make the most offerday's computers, talk and the problem is the public offers the most offerday's computers, talk and the public of the final with the store function of the section of the terms of the store of the section of the s



Strongest

Lahour, following the local should show a greater return elections, controls six of the nine large district councils and than the rental income received from council housing once the here Government may meet the cost of repairs, maintenance and strongest opposition to its debt ser council house policies. Lahonr account. also controls 17 of the 36 metro-politan against 13 controlled by Eluzable debt service are taken into Labour argues, however, that valuable community assets will the Gonservatives. It now seems be sold at bargain prices which likely, however, that the Gonare much too low to finance their replacement. Even so, servatives will control the halance of power in the majority

their arguments against council of the remaining six split metroolitan councils. But opposition is not just social rather than financial. politan councils. They believe the hetter off will restricted to Labour authorities. There are indications that some of the larger Conservative-controlled councils in bousing stress areas are becoming increasingly concerned about the prospect of blanket legisla-tion giving tenants the right to buy their hower Labour reprebe belped at the expense of the less well off. It will he the hetter class house which will be sold leaving a residue of poorer quality council homes in less

desirable areas. To support their council buy their homes. Labour repre-sentatives within the Associa- ment intends to introduce tion of Metropolitan Authorities measures providing for mortto try to drive a wedge between cither from local authorities or. as the Goverenment would pre-fer, from huilding societies. e Conservative Councils and the Government.

Shifts CONTINUED FROM PREVIOUS PAGE

in Eurodollar syndications, source of funds than fixed money brokers have been able rate loans, it is not easy for lo mobilise substantial new local treasurers to estimate in funds for local authorities advance the cost of debt servicunds for local anthornues acvance the cost of debt servic-which bad not previously been ing for budget purposes and available to them and which thus, too, the consolidated are also not available from loans fund rate they should other sources. Charge internally. This has been yet one more Interease of the floribility within the loans fund rate they should

thes

Instance of the flexibility with for how long local treasurers can sume other demand were to which capital markets respond expect to he able to have arise, would local authorities to new demands and new situ- recourse to syndicated bank find themselves being crowded ations, it has however not heen loans. As the seven years' aver- out wholly painless. Although vari- age maturity target approaches able rate loans have consis- (from the end of March next

1

to international banks versed tently proved to be a cheaper year), local treasurers will presumably seek to halance their books by going for longer money from the Public Works Loans Board and perbaps also by fixed rate stock issues (rather than floating rate issues). But if industrial demand for syndicated bank charge internally. demand for syndicated pans There is also the question of loans were to increase-or if

Colin Jones

embark upon such drastic State grants for badly needed changes in the short term. rebabilitation work.

Discourages

The NHIC say that sums being made available are too a particular use hy a Labour low and have not taken full account of the sharp increase in building costs in recent years. The sale of council houses is Also the process of administerment's plans to raise the level of home ownership. About ing grants, with local authorities as the supervisory body, has become too complicated and discourages many people from applying for aid. nearer 70 per cent. They argue This argument appears to be

that not only is the sale of supported by annual figures council houses socially desir- showing the level of successful able, providing people with the grant applications since 1969 independence, mobility and security which they seek, hut will also provide a major saving These rose to a peak of 237,976 in 1973 but have since fallen sbarply to 68,500 in 1977. It can be expected however that the Government will profor the Exchequer with council housing consuming some £4bn vide new measures on improve-The sale of council houses ment grants in its forthcoming would provide a once-for-all windfall gain for the local Housing Bill. Perhaps the least contentious

of the Government's housing policies is its decision to introauthorities. The Conservatives say that this money, if invested, duce a " tenants charter " which can be expected to embody a number of the provisions con-tained in the last Government's Housing Bill-lost when the election was called. The charter is likely to pay apecial attention to the responsibilities of tenants and call for greater liaison between tenants and local authorities over the management of estates.

It will also make it easier for tenants to find alternative public authority accommoda-tion when they are forced through joh changes to move from one region of the country to another.

While the sort of measures to be included in the proposed tenants charters are unlikely to raise any major opposition and will be widely welcomed the same cannot he said of the nroblems surrounding council house sales and a bitter struggle lies ahead.

Andrew Taylor



Paul Taylor



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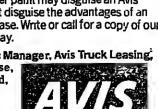
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tial economies by solids options — including vibrators dewatering or sludge thicken- and pressure rollers — making ing. In almost every case, saya it capable of extracting the the company, this will lead to highest percentage of light • INSTRUMENTS cheaper effluent treatment, or, content for each type of for industrial users who com- effluent. Its capacity is between Apart from ensuring a rapid mit effluent directly to the, 1,800 and 45,000 litres per hour Keeps water public sewerage system, a depending on the physical significant reduction in dis- properties of the effluent. out of the

diesel HELPING THE U.S. Navy to jetting system to compete with keep clean is a new departure the Harben system (in the

FUEL POLLUTION by water. particularly sait water, has long been one of the banes of life for for Harben Systems of Salis- 3,000-5,000 psi range). First bury. Wilts, called in by the orders are expected to he diesel plant operators and it

Hoverclean was used on HMS can get into the fuel ln several ways: as rainwater through leaky filler caps, by condensa-Ark Royal. It is powered by a high-pressure water pump, with tion in damp weather, or by simply forming part of the delivered fuel load an output of approximately S00. gallons/minutes at 3,000 psi. There is very little overspray

The Harben 4008 DT mgn-pressure "Hoverclean" water-jetting system was nsed to show how it could remove operation, giving a significant expensive, particularly on large impacted grease, oil and rubber from aircraft tyres) from the Depending upon the standard Mowlem Group company, can

efficiency. The Navy had previously can be undertaken with or with-considered the possibility of out the use of chemicals, and prevent such problems. Installed in the bottom of the tank, the probe is hasically a. resistance measuring device which differentiates sharply using a very large power-pack work rates of up to 250 square to operate several small clean- metres per bour bave been between being immersed io ing and scrubbing devices, but achieved when using 30 hp high found that this was no alter-native economically or other-wise to high-spaed water-jetting. Churchfields, Salisbury, Wilts. No U.S. company has a water-(0722) 25424. water (low resistance) and diesel oil (relatively high resistance). It can be cut to length to detect any amount of water in the tank bottom and if required can he made to start a pump to automatically remove

the water. Or, it will respond with a warning light and audio tone, alerting a plant operator to switch on the pump. The device MATERIALS IN which larger Thermo-punch ZTL is less tiring

water is

Sensors range in size from 0.5. inch to 4 inch diameter to suit ahle with or without a geomag-

A control box can be prosupply lines and their associated vided that will operate the callbrating and self-checking and a set of the second of the

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different modes of operation to maiotenance. be catered for in software and The most important applica- resistance interface hetween the tion will be in on-load electro- fixed and moving contacts which

microcode. Host equipment provides lytic cell shortiog whera cur- are wetted by the liquid metal. rents up to 400 kA can he en- During arciog, the roots of the simple servicing for PBM's. It is hased oo the Plessey Funccountered and where reliability are are on liquid surfaces and tional Series 2000 bardware which allows district installa-tions to he tailored to process of switching equipment is the current passes through the essential if the heavy financial metal vapour which, combined penalties of shut-down are to he with the sealing of the interior through BL Sherpa dealers. ing storage and printing re-quirements. Data communicaavoided. These very high cur- will ensure extremely low rates rents, even st low voltages, of cootact wear, long life and

BUSINESS systems group of tions facilities are available. Plessey Microsystems at Tow-The that will reduce the costs and isting utility personnel with improve the efficiency of public only minimal retraining.

utility consumer hilling. Plessey's Immediate Billing G CONFERENCES System (IBS) has been developed over the last two Protection

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Financial Times and the BBC. information from The Technical Pape is orailable for use by the Corporation's Externol Services as source material for its overseas broadcasts.

complete system is is opened. In addition, switches favourably with, for example, must he able to withstand attack the knife switches frequently

electricity supply industry and trials are currently taking place in the Greenock district of the South of Scotland Electricity PRESENT world-wide oil crisis Board. It is expected that con- demands a re-assessment, with sumers will start to receive hills a view to fuel conservation. of generated by IBS later this all methods of moving materials

year. Two pieces of equipment—a lines will be included in this re-portable billing machine (PBM) assessment—says the British and a host unit—combine to Hydromechanics Research Assoprovide complete billing ciation, in announcing its third arrangements for utilities such international conference on the internal aod external protection AIR CLEANER equipment that of pipes at Imperial College, Loodon, September 5-7.

The need for protection and insulation has led to rapid advances in polymer technology. where necessary. Developed pressure-sensitive tapes, and shrink-wrapped aleeves, thus, a paper from Evode will deal with

Dr. Ralph Riley will review both details of the day's work, serious accidents which have including old readings, and in- occurred in the U.S. over the formation about each transac-tion. High print quality is corrosion is now second to tion. High print quality is corrosion is now second to produced by a specially human error, and external developed thermal printer. Con-interference to installations, as a cause of pipeline failure.

Conference will also tackle developments in materials for • By agreement hetween the costings, erosion and corrosion problems, and electrochemical aspects.

also break down certain chemi-Further details from BHRA cals such as formalrebyde in a Fluid Engineering, Cranfield, darkroom, or, smoke and dust in Fedferd (0234 750422).

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current passes through a low

resistance interface hetween the

very little maintenance.

by electrolytes and by gases used, where maintenance can be

and six inches long, the Hirst parallel for higher currents and

contacts housed in a sealed current sharing has been

eutectic alloy of gallium-indium- Research is continuing at tin, a metal which is liquid at Hirst, but a positive manufac-

room temperature has good turing programme based on wetting properties and is non- orders will be considered.

toxic. More from East Lane, The lower contact is sub- Wembley, Middlesex HA9 7PP.

merged in the metal, which has (01-904 1262, Mr, P. Wyotau).

Keeps the air clean

extensive.

demoostrated.

This will compare

The switches can be used in

the laboratories say that good

Three sizes process 60, 700 Over a period of time-eight and 3,000 cubic metres of air/ years is typical—a layer of hour respectively. The two pollutants builds up inside the larger sizes are designed for chamber to a point where the permaoeot / semi-permaoent chamber lining is replaced. fitting, while the model 60 is In the same way the NBI will completely portable.

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says the machioes will have boles are not easily drilled or for the operator. Punching high load-carrying 36, 48 and 60 inch diameter tahles. A variety of turret, ram and side head configurations are to be offered logether with pendaot cootrols, aod with 12-tool capacity automatic tool changes, if required.

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cable conduits, production of Normal maximum material gaskets and rings and the thickness is 20 mm but to order punching of boles in sheets of an extra-long die without centre. The company claims that the mm can be supplied.

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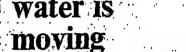
four-acre flight deck of the air-

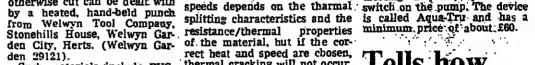
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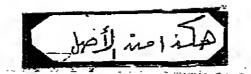
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THE MANAGEMENT PAGE

With the sixth European conference of America's best-known business school opening in London tomorrow, Ray Dafter looks at the top-level controversy surrounding its teaching methods, in particular its time-honoured case studies.

Harvard's sacred cow in dispute

itioo's president Derek Bok. Mr. Bok devoted his recent nnual report almost exclusively

) the business school, question-ng its teaching methods, its esearch capabilities and its reparation of students for new nd complex business problems. was not a blast of criticism, tore a case of judicial evaluaon. Mr. Bok explains that an ideal way of communicating regulated and other other e uses the annual report to concepts and analytical methods down to impoverished levels." form himself and others about in the first instance. In fact, gnificant parts of the niversity: the business scbool as chosen this year because tions, the case study method r. Bok will soon be seeking actually limits the time availnew Dean to replace Lawrence able for students to master ouraker who is returning to analytical techniques and conull-time teaching.

iterpreted, and has been taken, age ; implied criticism of the way te school goes about educatig future business leaders, And seems that even a whiff of noosed change is enough to iffle the feathers of business thool faculty and former



"We have not been a source problems for president Bok tring his eight years in office he probably doesn't know as uch about us as the other commented Dean hools." "We have no conouraker. rn about the president's otives. Unfortunately I think at bis report has been intercted in a damaging way and regret that."

At the centre of the conout the case study method hool. An Arts and Science **zulty**

(注册)(在)

husiness managers bave learned

the rudiments of business management in this way.

Il-time teaching. ceptual material. This tension Even so the message can be may bave mattered little in an

become more serious. The university president is also concerned that concentra-tion on the case study method lessens the time aod resources available for research; inevit-ably, he says, the enormous effort required by the preparation of cases leaves little rime for faculty staff to research generalisations, theories and methods which might be used

by future managers. studies.

versy is Mr. Bok's remarks helieves that the Harvard president may not have fully teaching at the business grasped the point that the pol. An Arts and Science preparation of case material member once com does require a great deal of anted: " Case study is a sacred original research, usually at the w at the school; the students sharp end of business-in the ed a case study to show them manager's office. (Quite often w to go to the bathroom." the insuager-or his boss-will fact, the study of prepared bare been at Harvard using ses accounts for about two- such case material anyway.1 rds of the teaching pro- The major difference from other

WIND of change is blowing on the preparation of weighty into teaching and not into tional mission the Harvard brough the sober portals of studies—packages of statistics, learned journals, Coosequently busines school must devote larvard Business School. It reports, simulation and Press by normal academic yardsticks more of its teaching and reiarvard Business School. It reports, simulation and Press by normal academic yardslicks manates from across the River clippings—which are analysed the husiness school might barles on the main university and discussed in windowless appear to be less scholarly than ampus, in the office of the insti-amptic president Derek Bok

Dean Fouraker believes that the case method will contioue to he the single most important However, Mr. Bok found that instrument of research and "despite ifs virtues, the case teaching. "It has a major method has evident limitations. advaotage: it works. There is Although the case study is an an uncasiness induced by things excellent device for teaching that work. They attract all sorts students to apply theory and of critical missiles. In husiness technique, it does not provide we find that they are discussed, regulated and often brought

all

man,

by concentrating on the discussion of detailed factual situawhen the knowledge applicable to business decisions was rudimentary. As the corporate world grows more complex, bowever, the problems

Mr. Bok is no stranger to the case study method: he taught such a system at Harvard law school for about 12 years. Indced, a couple of months ago usual only 775 or so will be be stressed some concern that selected to take the course. In addition some 2,000 mld-career law school teachers seemed to be lessening the use of case executives attend courses vary-

ing from three weeks to three Nevertheless, Dean Fouraker months at an individual cost of up to \$9,000, The fact that, in 1977, a poll of S5 business school deans ranked Harvard second behind Stanford as the hest business school academically is dis-missed lightly in. Cambridge. "Sour grapes" and "publicity stunt trivia" are comments

on the South Bank of the River Charles. But still Mr. Bok believes amme. Several million dollars important schools is that most But still Mr. Bok believes year are spent by the school of this research is channelled that while retaining its tradi-

president,

might search energies on some of the

newer problems confronting industry : resources - Trade Human uoions, the rights of women and minorities and the aspirations of a hetter educated labour-force would provide managers with greater challenges. While the school possessed important ingredients for a broad-hased approach to these subjects there were some missing elements that would he needed to prepare managers to cope effectively with the full range of work force problems. "Executives need to understand the growing network of government regulations aimed at equal opportunity, employment safety. pension reform and a bost of The business school makes no

other social objectives." bones about its role. As Mr. Bok Corporate Planning-Harvard acknowledges, Harvard "seeks to produce top executives for corporations everywhere, and had pioneered work in this field and yet business schools in general had still not done its principle activities are enough to evaluate or refine shaped to support that over-riding goal." As hefits such an institution its results are well planning methods for diversified companies with a portfolio of preducts. Scholars were also a documented. More than a quarter of its alumni-12,000 out of 48,000-bold the husiness long way from being able to anticipate political and regularank of chairman, vice-chairtory policy changes.

Busiocss and Governmentmanaging Most business curricula paid director, owner or managing partner. It is confidently exlittle attention to the problems pected that in 20 years time of industry-government relaareas. " Businessmen have comness Administration degrees plained about the heavy costs. a matter of course." The story the red tape, the unanticipated was carried in newspapers burdens and unwelcome side throughout the world, providing will he working in one of those capacities. This year the school received 7,000 applications (a 30 per cent increase over 1978) for the MBA programme; as

BUSINESS PROBLEMS

Voting at an AGM

recently attended a company meeting and when the vote was poll, taken in respect of the several proposals I asked what about the postal vote and was told that this was not referred to as it could complicate matters. Am I not right in helieving that at all AGM's the postal vote figures

of response must he given ? No: the normal course is for the voting at a General Meeting 10 be taken in the first instance by a show of hands, when oxly persons present may vote. If a sufficient number of those present is dissatisfied with the result of the count of hands a noll may be demanded. On a poll all votes are counted including thuse given by proxy. We assume that the postal vole to which you refer is the voting of thuse who have filled in proxy forms. Although a proxy vote cannot be giveo at a show of hands the proxy holder is

tional mission the Harvard schools have engaged in little husines school must devote research to improve the regula-more of its teaching and re- tory process."

Corporations and Societyproceeds on the unexamined assumption that growth and profits are the only serious concern of the corporate manager." the presidential report states. There needed to be proper examination of the ethics and responsibilities of companies.

In all of these issues Mr. Bok acknowledges that the business school is making an important and growiog academic contribution by effecting its own change "In my report I have largely described the process of change that has been going oo for some time." be said.

in mind, Dean Fouraker regards his relationship with the Press Indeed, it was a class on one of the thorny problems raised by Mr. Bok that gave rise to as probably the weakest part some unfavourshie publicity of his management since taking last term. Students were grap- over as head of the school in pling with the ethical problem January, 1970. "I haven't been able lo get the right story written, to get over a reliable summary of the school's strength." (This is also a of lying — "strategic nitsrepre-sentation" in business school parlance - and withholding informatioo. As part of a course strength." (This is also a on competitive decision-making familiar cri de coeur in many students were engaged in games a business Board room of negotiation. On January 15 On the other band the Dean

at Harvard, telling lies becomes \$70m and \$75m, triple the amount a decade ago. (No doubt learning from its own business teaching, the size of the adminieffects that often accompany ammunition to those critical of stration has fallen over the Gavernment regulations," Mr. capitalistic principles. Accord- same period, from 395 staff Bok reported. "Yet business ing to Fortune magazine it also to 385.)

BY OUR LEGAL STAFF

entitled to have the proxy vote any information at all out of or votes held by him counted in the receiver. Is there anything a demand for a poll. The Com- we can do, short of asking the pany's Articles of Association coort to wind up the company, usually make provision for the to make the receiver give us number required to demand a a renort of his activities? number required to demand a We think that you should write to the receiver pointing out the **Receiver's lack**

history of his lack of response and advising him that you will present a petition to wind up the company uoless he responds Immediately; and, if there is still no response, you should present such a petition.



EDITED BY CHRISTOPHER LORENZ

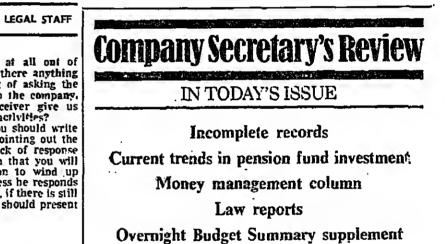


Derek Bok (left), president of Harvard University, and Lawrence Fouraker, dean of Harvard School. Feathers have been ruffled among the business school faculty by Bok's comments about the teaching methods it employs.

provided evidence for the more subtle detractors of Harvard's a result of his present appointcase study method, since a ment, finds himself a director of Business School Association. student's grade depends on seven private corporations as achieving a result or a solution. With this experience no doubt to concentrate on teaching again hetter place to teach or learn"--for sbort. That course, together areas of concern in Mr. Bok's

Dean Fouraker who, largely as to London to address the European Conference of the Harvard For his part Mr. Bok is satis-

well as a Board member with fied that he has mened up the. ten no-profit organisations, plans discussion which he sees as an essential precursor to the next year. He will stay in appointment of a new Dean. Mr. harness-" After all, there is no Fouraker's successor will not beable to affect an immediate probably teaching the required change; indeed Mr. Eok. first year course. Business, promises there will not be a Government and the Inter "sharp break from the past." national Economy, or BIGGIE But through the control of course development, research with the mundatory Business funds and, to a large part, the Policy course deals with two appointment of professors the Dean will be able to chart a new mind and in his report on the path for the school should he business covernment interface think fit. And that will have an half of those 753 graduate tions but concentrated instead the school was rocked by a has been a successful money-students who have just earned on marketing finance, production story in the Wall Street Journal raiser. This year the school's and the immact of regulation on immact on business decision-their Harvard Masters of Busi- and more traditional business under the headline: "To some endowment should be between corporate planning. According making for decades to come. to the Dean, these courses are Ray Datter, of the Financial, evidence of the way that the Times, lins for the most anadomic school is adapting to new bush near been a Fellor of the ness conditions of its own Center of International Affairs. volition. It is a message that is of Harrord University, research-likely to be repeated during the ung the notential for enhancing. next two days when he returns world oil recovery.



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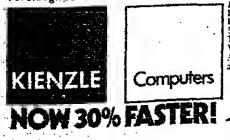
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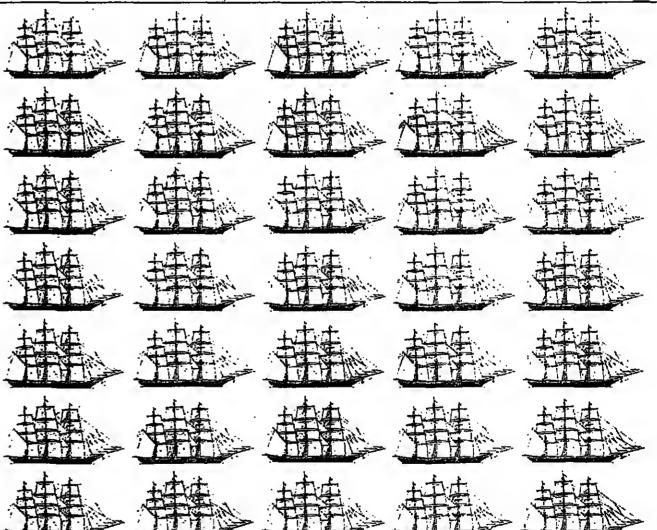
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16

Industrial aid: the first test

BY RAY PERMAN

WHAT DIFFERENTIATES this private buyer proved to be un-Government's industrial policy willing to come forward with from that of its predecessor ? In the money.

the run up to the election we a clean break with Labour's with saving jobs no matter what the circumstances or the cost. So far, with Mrs. Thatcher's administration admittedly only

direction does not seem to have ment's door. occurred. The new Government, like its predecessor (ann its predecessur and its predcccssor) faced many of its most pressing indus-trial problems north of the border. It is likely to co on doing so, since a recent official study showed that Scottish firms are year proposed in close its significantly more vulnerable to Glasgow factory: he stud aside economic ill winds than those elsewhere in the UK. But if we can take Scotlaod as a microcosm of the country as a

whole-with perhaps a small allowance for the autonomy the Cabinet allows Scottish Office Ministers-then the remarkable thing about the Conservative response to firms in difficulty is nnt its differences from Labour's attitude, but its similarities.

Initiatives

It began almost with Mr. Genrge Younger's first day as Secretary of State for Scotland vial third-party is willing to when he confirmed two Initia- share some of the risk, but even tives taken by Lahour. The day this is an alternative to direct in day support for Prestcold's public Intervention that that losses from its two Glasgow factories was continued and he announced that the proposal that the British National Oil Corporation should order a drilling rig from Marathon at would become a rescue net, to Clydehank to orevent it from be held out by the Government imminent closure would pro- whenever someone toppled off ceed.

The subsequent decision nat to extend Prestcold's subsidy after the deadline set hy Mr. tively small, but they will get Eric Varley has been taken as bigger. Massey Fergusson prowidence of a new tougher line. But would Labour have acted harvester production from Guvernment, like the old one, France with the loss of 1,000 explored every possibility. The Scottish johs, and, before the company's nwner, BL Soecial autumn, the shipyards could be Products, was not interested in facing a critical sbortage of keeping it afloat, the National orders. With the clamp start-Enterprise Bnard and the lng to tighten on public spend-Scattish Development Agency ing, we shall see the continua-had buth said they did not want tion of the old policy put to the to touch it and the rumoured test.

3

The 900 employees at Prestwere encouraged to believe that cold have legitimate cause for the Conservatives would stay complaint. The factories were aloof from the operation of the starved of investment and a market, if not exactly following successful domestic refrigera-Mr. Heath's lame ducks tion compressor, a world market scaped park. approach, then at least making leader when it was introduced, was allowed to run for nearly almost pathulogical obscssion 15 years before any suggestion with saving jobs no matter what was made that it should be redesigned and the plant re-tooled to replace it. It is now too late to catch up with the foreign two months into its probable competition, but the blame can five-year term, that change of herdly be placed st the Governcompetition, but the blame can

Stood aside

Faced with universal lack of interest, Mr. Younger did what Mr. Bruce Millan, the man he replaced, had done when Goodand allowed the redundancy notices to be issued.

Even then the cold band of loissez-faire was bardly in evidence. On the day the notices went out Mr. Alex Fletcher, the junior Industry Minister at the Scottish Office, was promising cash in the form of selective financial assistance under the Industry Act to anyone who would come forward with a scheme that had a chance of viability and was willing to back it with some private

money.

the wire.

with Noakes.

It must be said that the

problems so far have been rela-

Rhododendron pride—and prejudice

a word from me over the years. show, Yet high finance and the

rhododendron bave a closelylinked history. Many a City kill- Hardly a weed ing has been banked in rhcdo-

If you walk down the great dendron hybrids. Magnifique Exbury vistes in late May, you come to expect buge drifts of the Exbury range of azaleas. n'est pas le jardin angleis," least mounds of rare species of of all in an 18th-century landrhododendrons and hardly a weed in the way, though all 200 acres are managed by a core Preiudice dies bard, especi-

staff of seven men. Visitors ally in this column. A recent can take one of the stars back invitation to Exbury Gardens, with them from its place of origin, Fred Winystt, Matador, seat of the Rothschild's rhodoany F. bury azales and ynur dendron bank, bas done as much pick of the Rothschild familyas any visit could to face my names

prejudice with the facts. The Among such an embarrass. But again, white goes best with ment of colour, which would I a block of one single coluur, want in the garden? I would not a mass of intermingled best hybrid rhododendrons in tthe country, the peak of their he ruthless, I think. Ruhy reds. flames and ruby-reds. Remem-salmon pinks, rose-pinks, and ber that a pure white is itself season, no rain, a guided four without the tens of thousands of visitors who wisely flock round this 200-acre wild garden at its peak: surely this could convert a man who would hitberto prefer a single spring gentian to a whole glade of Bagshot Ruby in full flower? the rest of the vibrant hunch would all be planted near my honfire beap. If I only had room for one rhododendron in the forest garden, I would buy a nalo yellow flowered one. If I

FOR MANY PEOPLE, the great not least from Exbury's nur glade, you should consider the ties' gardens. There are better White would give my yellows one essential evergreen and the

season in their gardens is almost series, which RHS judges can advice of the great past alterantives. over. They are the azales and still distinguish as worthy or theorists on colour in the lf you can afford them, the unworthy of Awards of Merit flower garden. They advise you pick of the available garden Normal standards are sus- to load up by stages to the yellows have come from Hswk interests have received hardly pended by such an estonishing strongest colour in the centre and its variations. Hawk Crest of the group, comparing the is rare and reaches fifteen feet domes, nothing seen at Exbury front to middle row of a border. grading of yellow and orange eventually. Its lemon-yellow dissuides my faith in Loders- It is the perfect accompaniment to the grading in a natural trusses of flower are bast seen. White, This tall rbododendron, fiame. The block of each in a light wondland where they is strong, easy and an abundant colour should be wide. You do not oppress you among the flowerer. If you fancy turning a

GARDENS TODAY BY ROBIN LANE FOX

cannot get away with one bush trees. I would like to try a few of each bright colour set side of these among the tall bushes hy side. White will usually do of Loders White beside a suitsomething for too bard an able drive backing on to trees. expanse of orange or rubyred. Exbury have some superh varia-Exbury have some superh variations on Hawk, shove all a But again, white goes best with marvellous Hawk Jervis Bay cross and a cross between Hawk and the creamy yellow Idealist. visually very strong.

The difficulties, then, seem to my eye to be most of the low evergreen azaleas which sizzle sentian to a whole glade of Bagshot Ruby in full flower? Unless you garden in acid vellow flower? one. If I have a small wood, drive or widerness, I would limit the en masse. though one or two wilderness, I would limit the colour wbolly to vellows and involved. I cannot imagine myself as a rhododendron owner. I view them with detachment, marvelling that there const. I view them with detachment, marvelling that there const. I view them with detachment, marvelling that there const. I would the strongest till be so many new crosses. in clumps of mauve and selmon-

some backbone. Here, the prices garden plant which I most cover are lower, the plants casier and in the whole family. I refer to the choice wider. Among the the white Palestring, whose big tall bushes, shaped like flowers pour down any bank or rough part of the garden into a your list if you open a catalogue white-flowered wilderness, I and do not know where best to

Financial Times Wednesday June 13 1979

cannot see how you could start improve on this for the back Personally, I would be happy row. It is the sort of shrub to stop there, perhaps adding which you can see pleasingly in some more of the yellows, through light tree-trunks or in a clearing. A fully developed Mrs. A. T. de la Mare would be one better, though perbaps less reliable flowering at a middle easily pleased. May flowering, it height. My only quarrel with is a large scented white with a the roododendron is that it is green stain in the throat of too overwhelming and too each flower. Again it is a big plant, up to fifteen feet.

Fine white

So much for the tall backdrop. Nearer the ground, you can take your pick of the upper classes. Mrs. L. de Rothschild As a general garden plant in a colour which is not the easiest or cheapest in my opinion, you should go for good old Zuyder is large, white and bred with Zee. This one will go up to red spots in its throat, a sign, seven feet or so, no more. It is in this case, of great beauty.

Bodnant Yellow and the FCC form of Lady Bessborough being the top choices for reliable flowering at a middle generous for too short a season." assume throughout that you will only mass it on suitable soil in a suitable landscape. Otherwise, no variety will aver look right. There are others which different eyes could no doubt rate more highly, not least the deep reds (Romany Chai being rich and remarksbly late-flowering) and the pale

8.....

red spots in its throat, a sign, lilacs and violets (none more abundant than old Arthnr Bed-

Varingo to build a winning debut

The Conservative test of viability is whether B commerup bis success in Goodwood's That victory is thought in he rhythm, Labour Government preferred. particularly in the first years of the Scottish Development Agency when it was very sensiseason. The ' Ryan Price-trained tive to the possibility, that it juvenile, althnugh strongly the favourite, fancied by Findon to make a Third, three

RACING

BY DOMINIC WIGAN

poses to withdraw its combine justified. Travelling smoothly through-

2.40 World Cup Cricket, 3.55 Play School, 4.20 Scooby Doo, 4.40 Horses Galore, 5.10 Go

News.

Stakes at Newbury, following been riding an equally confi-Tesleaze Stakes when he heat the brown son of Saulingo Paul Kellaway's Star Way. plenty of time to find his the most promising perform. Responding well to his ance by a newcomer this sympathetic handling, Varingo

the

winning debut there, was easy to back in the face of heavy support for his Newmarket opponent. For a long while the confidence which saw Star Way going to post a 9-4 favourite, looked like being

11.55-12.00 Weather/Regional

I SHALL he more than sur- backers must have thought that prised if Varings does not the race was as good as over. tion there and they will remain triumph in today's Berkshire However, Brian Taylor had at the stud until " cleared " dent race on Varingo: allowing

All regions as BBC-1 except

found his stride and soon put a length between himself and Third, three lengths back was Rochampton.

Fears that the outbreak of equine metritis-s virus which in acute form, can cause severe paralysis—Is spreading now seems to be confirmed. The Thurnton Yurkshire, stud of

2.35 Sister Dora. 3.20 About Britain. 3.50 Hello. Gond After-noon, Welcome. 4.20 The Sooty Show. 4.45 Stav Alive with Eddie

Thirty mares are now in isola **OPERA & BALLET** COLISEUM. Credit crids. 240 5258. Reservations 535 3151. til Jene 30. NUREYEV FESTIVAL Evgs. 7.30. Mats. Sats. & June 14 at 2.30. Until June 23 with LONDON FESTIVAL EALET. Tomor. til Sat. Steep-ing Beauty. Jene 25-30 with MURRAY LOUIS DANCE COMMANY OF AMERICA One of the most contagious viruses among mares, equine metricis is extremely difficult to detect as was highlighted at Newmarket last month when a mare swabbed on 10 occasions COVENT GARDEN. CC. 240 1066. Gardencharoe Credit Cards 836 69030. Fli. T.30 Luisa Miker: Thur. 6 53. T.30 La Boheme. Mon. 7.30 The Rate's and found to be "clear" was theo declared infected. Frogress SS Ampbil seats avail, for all perfs, from COVENT GENTIEN CELEBRITY COVENT GENCENTS SUA, 17 Jene at 8.00 om. MARGARET PBICE The danger of the current outbreak responsible for the

death of eight mares at New-

Sun, 17 Jene at 8.00 pm. MARGARET PBICE GLYNOEBOURNE. 0273 812411.81342.4 Solo Optoblogother returns roly. Sat. Salo Optoblogother returns roly. Sat. Salo Photosching of Friard Scott II chweigsand Frau. With the London Philinarmonic Orchestra. SAOLER'S WELLS THEATRE. Rosebery Are., CC. 837 1572. Until Sat. FUNNISH NATIONAL OPERA Tompin at 7.30. The Last Temposition. Thur. at 7.30. The Last Temposition. Thur. at 7.30. Sat. Mat. at 2.30; Seasoned Cancelled. WESYMINSTER. CC. S. 034 023X. THE MUSICAL THEATBE. Company Incline Michael Company Incline Michael Company Incline Hood. Neil Jestisch. Rosemary Jesner. Thomas Lawlor, Martin McEvoy, Ptillo Summerscales. Allogi Company Flora O Rosemar McEvov, Truefiti. LIMITED SEASON

THEATRES ELPHI THEATRE. 01-836 ,7611. Fretieves from Tomolrow pt 7.30. ISeafs from 700 to 447. Opens Tuesday, Jone 19 at 7.00. IDNN INWARM In The World's Farous fire CARRLEY'S AUNT Box Office Now Open. BERY, From 8.30 pm, TeL, Suis, 638 AOELPHI

THEATRES SAVDY THEATRE. 01-838 8080. Credit Carda 01-734 4772. BILL PATERSON IN WHOSE LIFE IS IT ANYWAY? SUBRIAN CLASK "A MOMENTOUS OLAY I URGE YOU TO SEE IT. IT STIRS. THE MEART AND ACTIVATES THE MINOL LIKE NOTHING ELSE IN LONDON." GUARDIAN. WINOSE LIFE US IT ANYWAY? "IS A ELAZING LIGHT IN THIS SEASON," N.Y. TIMES. WINOSE LIFE US TO ANYWAY? "IS A ELAZING LIGHT IN THIS SEASON," N.Y. TIMES. WINOSE LIFE US TO ANYWAY? "I HAVE SARELY ST ANYWAY? "I HAVE SARELY ST ANYWAY? "I HAVE SARELY ANY NEVER FELT SOLE CONST ANY NEVER FELT SOLE CONST THAT EVERYNONE IN SOLE OF SANCE WAS REACTING AS I WAS." BOL SOLE WAS REACTING AS I WAS." BOLE WAS REACTING AS I WAS." BOLE OF ANY MEAN SARE STRANO. 01-835 2660. Evenings 3.00.

TRANO, DT-836 2660, Eveninos 8.00, Mots. Thurs. 3.00, Sats. 5.30 and 6.30, NO SEX PLEASE WE'RE BRITISH LONGEST-RUNNING COMEOY IN THE WORLO Tomsht T.30, Tomorrow 2.30.

out. Star Way swept into the senior steward, Lord Howard lead in the hands of a confident de Walden, reports its success-Lester Piggott a quarter of a ful stalllon. So Blessed, infected mile out and many favourite alongside seven mares.

victory over another once-raced colt, Numas.

snother respected newcomer, market getting out of hand has Dick Hern trained again heen stressed by Charles Varingo, sure to he all the better for that Goodwood run. can confirm himself B leading two-year-old with a clear-cut

Frank, largely responsible for the Metritis Code of Practice. Commenting on Friday, Frank said: "Unless people keep an eagle eve on this disease, we could have another epidemic on our hands."

NEWBURY 2.00—Mittens 2,30—Rivadon 3.00—Effect

3.30-Varingo*** 4.90-Million** 4.30-Alla*

GRANADA 1.20 am Carloon. 2.25 The Outsidete. 5.10 Captain Nemo. 5.15 Crossroads. 6.00 Gianada Reports. 6.20 Fathel, 0cer Father. 11.40 A Question of Sex. TV11-HTV-WFO., JUNE 13 1.20 pm Repart West. 1.25 Report

GUIDE ENTERTAINMENT THEATRES

THEATRES .

N. 133

CLOBE THEATRE. CC. 01-3JT 1592. Eva. 0.15. Wed. 3.00. Sat. 21 6.00 8.40 ALISOH CHRISTOPHER STEADMANN KING APART "ALAH AYCKBOURN has doog it again. His latest comedy sparkies with will Now. "SLENDIOKY FUNNY. 0. Exp. "IT'S A HIT. NO JOKING." S. Mirrol.

HAYMABKET, 01-930 9832. EVDS. 8.00. Wed, 2.30,5AN. KEITH SUSAN. MICHELCK HOLMES MYSTERY THE CRUCIFES OF SLOOD by PAUL CIOVANNI '(The kind of sobcrade I Cannot recall since baybag . zarriac stuff. News HER MAJESTY'S. CC. 830 6606. Eveolog 6.00. Fr.. Sol. S.15 and 8.43. AIN'T MISBEHAVIN' The New Fats Wallor Musical Show "A RIOTOUS HIT " Oally Mall. "JUBILANT THE BEST PERFORMANCE OF AHY MUSICAL IN LOHDON." Oss.

Tamshit T.30. Tomorrow 2.30. ST. GEORCES SHAKESPEARE TH. Turnell Park Rd. NY. 507 1128. Today 2.30 & 7.30, Tomor. 7.30. RTCHARD 11. "Full of English reionance and entroy." Daily Telegraph. Thor. Fr. augulus CAESA8 "SERNARD HEPTON-the Caesar we risays want to meet and seldom do." J. C. Tiewin. VAUGEVILLE. CC. 830 9968. Opens Tue. next at 7. Subs. erz 8. Sat. 5 and 8.50. First We EDWARD FOOM THE FAMMLY REUNION by T. S. ELIOT IBOOK NOW? VICTORIA PALACE. CC. 01-828 4735-5.

OF ANY MUSICAL IN LONDON." OHS. KING'S HEAO. 226 1910. Onr. 7. Show B FEARLESS FRANK by Andrew Ownes, "Best Brish Musical Ior 2045." E. Timos LYRIC THEATRE. CC. DILAST SDOG. EVSI. COAN NUR. 3.DO, Sat S.DO. B.SO. PLOWRIGHT FRANK PLOWRIGHT FILLIA HAYES IN FILLWAENA by Eduardo de FIIIART DIRECTED by FRANCO. 22FIRELLI SOCIETY OF WARD OF THE YEAR. "ACTRESS OF THE YEAR. "AN EVENT TO THEASARE." D. MICTOR. LIMITED SEASON ONLY. MAYFAIR. 01-629 3036.

by T. S. ELIOT IBOOK NOW) VICTORIA PALACE. CC. 01-828 4735-8. 0-834 1317. Evgs. 7-30. Mat. Wed, and Sac. 2-45. STRATFORD JOHNS' STRATFORD JOHNS' MALL ANNOLOCK IN. * BLOCK BUSTING: SMASH HIT MUSICAL ID DILY MAI. Best Musical of the Year 1975. E. Stan. Garden Box Owner: Di-856 6808. Tool 8. Box Owner: Di-856 6808. Tool 9. Box Owner: Di-856 6808. Di-856 6808. Di Box Owner: Di

437 6455

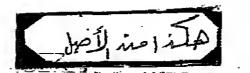
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N. B. FOLLET HIM	with Noakes. 5.40 News.	at the following times:	Show. 4.45 Stav Alive with Eddie McGee. 5.15 Makin' It.	6.00 Granada Reports. 6.20 Father, Over Father, 11,40 A Question of Sex.	ALBERY, From 6.30 pm, Incl. Sults. 638	NATIONAL THEATRE, 5 CC. 928 2252 OLIVIER IOPER STARE, 51 CC. 928 2252 DIEVIER IOPER STARE STARE OF THE STARE	Tod'I & all week 7.30 (Frl. 7.00). Pam Gems' 01AF (sold out).
* Indicates programmes	5.55 Nationwide (London and South-Esst).	Scotland—5.55 pm Reporting Scotland.	5.45 News.	TV11—HTV—WFO., JUNE 13 1.20 pm Repart West. 1.25 Report	ALBERY, From 8.30 sm, incl. Suns. 636 3473. CC, Bookings 236 1071-3, Evg. 7.45. Thurs, and Sat. 4.30 8 00. A. THOUSAND TIMES WELCOWE IS LIDNEL, SANT'S		WESTMINSTER. CC. 01-836 0263. Ergs. 7.45 Mals. Wed. and Sal. 3.00. GILBERT AND SULLIVAN's
in hlack and white	6.20 Nationwide.	BBC Wales-5.10-5.40 pm Bilidnwcar. 5.55-6.20 Wales To-	6.00 Thames At Six, 6.25 Crossroads.	Wales, S.20 Crossiceds, 6.00 Recort West, 0.25 Report Wales, 11.40 Barnaby Jones.	"MIRACULOUS MUSICAL"	Stepo rd. LYTTELTON (prostening stapp), font and Tomor, 7.45 THE PHILANGERER by Shaw	"A good show Very colouriul lively and exceptionally well auno, spoken and ected "Evening Standard, and sola
BBC 1	6.30 Lena Zavaronl. 7.20 The Wonderful World of	day. 6.30-7.15 Heddiw. 7.15-7.45	6.50 Coronation Street.		Financial Times. with ROY OOTRICE. CILLIAN BURNS, MARGARET SURTON Party rate and student standby avail	COTESLOE (Small auditorium) liniti June 30 Mon to Sat at 80 Nicuael Herrs DISPATCHES adapted for the stage by Bull Bryden and the Concean (perhaps not suitoble too children).	"The words lokes and sortil of satire have never beno so rierry amnihod since ("2"store's dave" Evening News.
² 6.40-7.55 am Open University (UHF only), 9.38 Schools, 10.45	8.10 The Omega Factor.	Trem. 7.45-8.10 Ask the Family. Noribern Ireland-3.53-3.55 pm	7.20 Soorts Special: Austria v England, Soccer live from		ALOWYCH, CC. 535 5404, 17/2, 236 5322		C-245576's dav. Evening News.
-Vou and Mc, 11.00 Schools, 11.40 World Tup -Cricket: Prudentlat		Northern Ircland News, 5.55-6.20 Scene Around Six,	9.30 The Black Abbois.	Penawdou Nevvoidion. 4.20-4.45 'Rydw I am lod. 0.00-6.25 Y Ovdd.	ROYAL SHARESFEARE COMPANY IN RENCTORE COMPANY EVEN 7.30. LOW DICE OREV. ANTONY & CLEOPATRA	perf. 21 2 Idealizes, Car part. Restaurant 922 2033, Credit card bookings 928 3052.	V-UITEHALL. CC. 01-030 0692-7765, Monday to Thirsday 8.00. FrL and Sat. 0.10 and 6 50. IPs TOM:61
Unp. Australia v Pakistan; England v Associates E. 1.13 pm	9.33 Petroceiti.	England-5.55-6.20 pm Look	10.00 News.	HTV WEST-As HTV General Servico except: 1.25-1.30 Report West. 6.25-6.50 Repoil West.	An excellent evening's entersonments	NEW BOULEVARO THEATRE. Walkers Ct. Brever SL. W1, 437 2881. Opening Jere 14th JEBEAN TAYLOR. Turs. to	"It is a foc'-stamping outstand, action- packed African musical " NoW. FOURTH GBEAT YEAS,
News. 1.30 Bod. 2.01 Schools.		East (Norwich); Look North (Leeds, Manchester, Newcastle);	10.30 The Budget. 10.40 World In Action Special.		Observer. Wich: Buigskoy's THE WHITE GUARO (next pert 18 Jenel. LOVE'S LABOURS LOST incxt pert 20 Jenel. THE 7AMING OF THE SHREW (next ocri. 22 June.1 RSC also at THE WAREHOUSE rsce ender WI.	340 0.70 JUN, 0.30 200 3.13.	WIMBLEDON THEATRE. CC. 01-948 52:1-2. The Broadway, SW19, EV3. 0
·		Miclands Today (Birmiogham); Points West (Bristol]: Scuth	1148 The Andy Williams Show	SCOTTISH 1.25 pm News and Road and	OF THE SHREW (next ocr. 22 June.1 RSC also at THE WAREHOUSE rsee	OLD VIC. OLO VIC COMPANY Season opens July 24th HAMLET ROMED & JULIET, THE GOVERNMENT INSPECTOR. THE POOLOCK MISS IN HER TEENS. WHAT THE BUTLER SAW, THE PAR	WIMBLEDON THEATRE. CC. 01-948 5211-2. The Brondway, SW19, Evrs. 0 m and Fri. and Sat. Bom and 840 om, Commences Mon. 18 Jane tor 2 wiks only. The Tab Evraveautra
F.T. CROSSWORD	PUZZLE No. 3,994	Today (Soutbampton): Spotlight South West (Plymouth).	McGee. 5.45 News. 6.00 Thames	1.25 pm News and Road and V/eathor. S.10 Popeyo. S.20 Croos- toads. B.00 Scotland Today. 6.20	AMBASSADORS. CC. 01-836 1171. Eves. 8.00. Fri. and Sat. 5.30 and 6.30.	INSPECTOR. THE POOLOCK WISS IN HER TEENS. WHAT THE SUTLER SAW,	"The dancers vibrate, oscillate, and
			ANGLIA	Sopori. 11.40 Late Call. 11.45 Stars on Ice.	AMBASSADORS. CC. 01-836 1171. Evgs. 8.00. Fri. and Sat. 5 30 and 6.30. OINSOALE LANGEN. GWEN WATFORD OAVIO BURKE. ANGELA DOWN	Season subscription only now booking.	BPASIL TRODICAL "The dancers vibrate oscillate and "Iste wild togless yet retaining their bauhles hardes and heads." E. News, Returns to Ornur lane Theatre Jely 2, 800KING NOW.
		BBC 2	1.25 pm Anglia News, 2.00 House-	SOUTHERN	6 0 D L E S by James Saunders "ITS IMPACT HIT M& Like A THUNOERBOLT FROM JOVE. THE LANGUAGE BLAZES WITN WIT ANO INTELLIGENCE ANO ITS THEME BLECTRIFIC: Daily Mail, "WHEN WE E O D L ES WIT. GEEN HELD IN THE GRID OF ITS WIT. GEEN HELD IN THE GRID OF ITS WIT. GEEN HELD IN THE COLOU'S ANO LAYFRS OF ITS LAN- GUAGE. RODIES STYLL RAISES ECHO AFTER CHO IN OUR MINO ANO HEARTS. DINSOALE LANDEN'S GET- FORMANCE IS WORTH GOING MILES TO SEE." RETTATA LEVIN.	OPEN AIR REGENTS PRK. CC. 468 2431 A MIDSUMMER ANGHTS OREAM. A logaus production." E. Standard. "A high spilted auccess." Suo. Tel. Ergs. 7.45 Mats. Wed., Thur, and Sat. 2 30 EXIT BURBAGE. Fri. 1.15.	WINDMILL CC. 01-437 8712.
9		6.40-7.55 Open University. 6.40-7.55 am Open University.	P311y. 2.25 Sizter Oora, S.15 Winnel Takos All, 6.00 About Anglie, 11.40 Power without Glory. 12.40 am Tite	1.20 pm Southern News. 2.00 House- party. 5.15 Setty Scop. 6.20 Croso-	LANGUAGE BLAZES WITN WIT AND INTELLIGENCE AND ITS THEME	"A high spirited auccess" Suo. Tel. Evgs. 7.45 Mats. Wed., Thur, and Sat. 2 30 EXIT Burga GE, Fri.	CHF. The eror's experiance of the modern era. Now showing new second edition.
		10.20 Gharhar. 11.00-11.25 Play School.	arg Question.	roads. 6.00 Ooy by Oay. 6.25 Scano Midwook, 11.40 Southern Nows. 11.50 Pro-Calebilty Oarts.	GLECTRUTEL." OHIY MAIL EOOLES "WHEN WE HAVE LAUGHED AT ITS	OPEN SPACE 367 6989, Translers from King's Head Th for Limited Season.	WWINHA WT. Prom 5.30 um incl. Sure. N. 55 5028 Credit Card bars. 835 101. Mon. Thur. 8.00. Fil. and Sat.
		4.00 pm World Cnp Cricket.	ATV		WIT. SEEN HELD IN THE GRID OF ITS ORAMA ANO REVELLED IN THE COLOURS AND LAYERS OF ITS LAN-	OPEN SPACE 367 5989, Translers from Kingt Hand Th bor Limiked Sergen, PIFTY WORDS BITS OF LENNTY SRIGE Turs. Sun, 8,00 gm. Late Night Show Sat. 10.15 pm.	
12	13	Prudential Cup: Australia v Pakistan and England	12.30 pm The Story of Wino. 1.20 ATV Nowsdesk. 2.25 The Lova Boal.	TYNE TEES 5.25 am The Good Word 1.20 pm	AFTER ECHO IN OUR MINO ANO HEARTS, OINSOALE LANDEN'S DES-	PALACE. CC: 01-43T 8834. MonThurs. 8.00. Fri. 5 Sat. 8.00. 8.20. JESUS CHRIST SUGERSTAR by Tim Rice and Arctaw Lloyd-Webny.	Mary O'Num Sulat anth - VEGY FUNATY Evening News. 'Surnate comment of sax and religion." Only Tell anther you sake With
	14	v Associates B.	5.15 Fother, Opar Father, 0.00 ATV Today, 11.40 The Geeks.	North East News, 5,16 Gambit, 6,00 Northorn Life, 11,40 Manda, 12,10 am	FORMANCE IS WORTH GOING MILES TO SEE." Remark Levin. 600125	PALLADIUM CC AND A 1437 7372	"Sure-due comedy of sex and religion." Oally Tel, "MAKES YOU SYAKE WITH LAUGHTER." Guardian.
15 Ib	17	6.55 The Long Search. 7.45 News.	BORDER	Inzido Gusiness. 12.35 Epilogue.	IS THE SEET PERFORMANCE IN A MODERN PLAY NOW TO BE SEEN IN	ROOGER AND "A WITERSTEIN'S	YOUNG VIC. 028 & 463. Ers 7.30. Joo Orton's WHAY THE BUTLER SAW. " Much deserved "auphrer." Geardian. Until June 22.
		7.55 The Geouine Article. 8.20 The Money Programme.	1.20 pm Border Nows. 2.00 House- Pariv. 5.15 Gambil. 6.00 Lookalound.	ULSTER 1.20 pm Lunchlime, 4.18 Ulator News.	LONGON." E. News.	Also starring VIRGINIA MCXENNA HOTLINE 01-437 2056. Evenings T.20. Matidees Wed. rex Today1 6. Sat. 2-35.	Much deserved Jauphrer." Geardian. Until June 22.
		9.00 Dave Allen at Large.	11.40 Georgo Hamilion IV, 12.10 am Border News.	5.15 Cartoon. 0.20 Croosroods. 6.00 Ulsier News, 6.15 Look and Ses. 0.30 Woody Woodpecker. 10.40 Occu?	APOLLO THEATRE. CC. (1-437 2653. Eves 2.00. Sat. 5 and E. Mats. Th. 3.00. CHAISTOPHER LAVENOER TIMOTHY JULIA FOSTER IN	6 Sat. 2.45. PHOENIX THEATRE. CC. 01-835 2294.	CINEMAS ABC 1 and 2. Sharesbury Ave. 626 8881.
	22 10 10 10 10 10 10 10 10 10 10 10 10 10	9.45 Peasants, Politicians and Power.		menisity: "The Will to Livo." 11.40 Bed lime.	A VERY CUNNY NEW COMERY OF	PHOENIX THEATRE CC. 01-835 2294. EVS. 5.00. Wed. 1.00. Sal. 5.00 & 8.30. Olana Rigg. John Thaw in Night and Day	ABC 1 and 2. Shatesbury Ave. 525 8681. Sep. Ourfs. All SEATS BOOKAGLE. 1. THE OFFE HUNTER IXI WK. and Sun 2.15 7.30. 70mm Golby Stered.
		11.00 News. 11.10 The Budget.	CHANNEL 1 20 pm Channel News, 5,15 Emmer-	WESTWARD	THE AUTHOPS OF "BOEING SOEING." "FEOEAU LIVES CA VIE!" Gdn "IT I WILL PROBABLY RUN AND RUN." Dathy Mail.	A new play by TOM STOPDARO -Directed by Peter Woods BEST GLAY OF THE YOAR	Sun 2.15 7.35.70mm Oolby stered. 2. THE TOWERING INFERNO IA), W., and Sun. 2.45. T.40. To mm stered. Com Sun 2.45. T.40. To mm stered.
23 24 2		11.20-12.15 am World Cup	dale Farm. 0.00 Channel Nows. 6.10 Coming Spon 4 One Man's Music	TV17-WESTWARO-WEO., JUNE 13 12.27 pm Gua Honeybus. 1.20 WESI-		OICCAOILLY. From 6.30 am incl. Suns.	CAMOEN PLATA, Cameen TOWN. 01-385 2443 1000. Tiber. PETER HANOKE'S LEFT HANDED WOMAN (AL. Pross. 8414 2.00. 4 10, 6.25, 8.45.
(1) (1) (1) (1) (1) (1) (1) (1) (1) (1)		Cricket.	10.28 Channel Neuro 10.32 A Chance to Moer	Wostward Nowa, 5.15 Emmordalo Ferm. 6.00 Wostward Orary, 10.28 Westward News.	Monday to Thereday 2.30. Friday and I	OICCAOILLY, Prom 5.30 am incl. Sup. 437 3500. CC bis. 536 1011. Evs. 6. Thur. 3. 6. Satr. 530, 8.30. PETER 8ARKWORTH HANNAH GORDON	C'ASSIC 1. 2. 3. Howmarket (Olocadilly Circus Tubal. 01-639 352T.
27	25	LONDON	Weather in French.	11 40 Los Humohriea. 12.35 Faith los Life.	NOW IN 175 4th YEAR	CAN YOU HEAR ME AT THE BACK?	MEN IXI. PROS. 1.15. 3.30 S.OR 8.10.
		9.30 am Schools programmes. 12.69 The Adventures of Rupert	GRAMPIAN	YORKSHIRE	ASTORIA. Charing X Rd. S. CC. 01-T34 4201 2 430 6031. Mon-Thurs. 6 pm. Fri. & Set. 8 & 8.45 pm. LIVE ON STAGE: "GREASE"	PETER SARKWORTH HANNAH GOROWIN CAN YOU HEAR ME AT THE SACK? "A WONGERUL PLAY WITH WON- CATUL" PERFORMANCE: "STUL" PERFORMANCE: "STUL" DE COMMANCE: "STUL" DE COMMANCE: "STUL" DE COMMANCE: "STUL" DE COMMANCE: "STUL" STUL" "STUL" STUL" "STUL" STUL" "	C'ASSAC 1. 2. 3. Howmarket (diccadilly Cirmis Tubel, 01-839 1527. 1. The Wood 0 F FULL OF MARRIAO MEN 121. Pros. 1.15. 3.30 5.01 8.10. 2. LAST 3 DAYS. THE WUMANDID AI, 1.25 5.15 9.05. SINGAD AND THE EYE OF TWE TIGER (UL. 5.10 7.00. 2: Gregory Perk laurence Olivier, THE FDYS From 88AZIL (X). Progs. 2.30.
29	30	Bear. 12.10 pm Rainbow. 12.30 The Sullivans. J.60 News. 1.20	9.20 am First Thing. 1.20 Grampian Newo. 5.15 Emmodule Ferm. 6.00 Grampian Today. 11.40 Reliections.	12.30 pm Tho Cedar Tree, 1.20 Calendar News. 2.25 Alue Skies from now on. 5.15 Gamble. 6.00 Celondar.	"GREASE" The mosical sensation! Group bootings 01-437 [856,	and on to ble craenty bereeptive. U. Tet.	4.55. T.40.
ACROSS	5 Lots of soldiers? Yes.	Thames News. 1.30 Crown Court. 2.00 After Noon Plus at Home.		11.40 Oevine Country. 12.10 am Un- tamed Frontiers.	CAMERIOGE 01-836 60SS Also poen Sur. 11 am-T pm. CC 01-636 7D40. MonThur. 8.00. Fn. and Sat S.00 and	PRINCE EDWARD. CC. 91-43T 8877. Evenings 6.00, Matt. Thurs., Sat. 3.00. EVITA	CLASSIC 1, 2. 3. 4. Optors Street 638 0310 1000. Tritenham Court Rd. Tubel, 1r THE WARRIORS (XL. 0000. 1.05, 3.25, S.O. B.15, 2: Robort Mirthum RYAN'S OAUGHTER 'AAL SP 0675, 2.00 7.15, 3: LAST 3 0AVS TUB WORLD R FULL
1 Line cricketers use in fold	including the Marines! (4)				THE CONTROL PANED ADOUT	by Tim Rice and Andrew Lloyd-Webber. Olrected by Harold Prince.	ALL ST OCTAL 200 7.15.
4 Weaver and worker come	6 Pet's type of sercen put up and seen at entrance 18)	·			CHICAGO THE HIT BROADWAY MUSICAL Group Deakings C1-427 3656.	PRINCE OF WALES. CC. 01-530 P8R1. Card bookings 930 0845. Mon. Thure. 8.08. Priday and Sat. 8.00 and 8.45. ALAN AYCKROUSN smath-hit compdy	Ge MAPRIED MEN CO. Progs. 1.35, 3.55, 6.05, 6.25, 44 KENTUCKY ERLED MOVIE (%). Progs. 1.25, 3.45 5.55, 8.10.
into view (44) 9 Unknown Officer Command-	7 Fantastic but not in note (5) 8 Sailor and soldier-right?	Radio Wavelengths	BAC Radio London:	Gerdensrs' Question Time. 10.30 Ser- vico. 10.45 Story. 11.00 Liaton In. 11.45 Liston with Mothes. 12.00 News.	CHICNESTER FESTIVAL THEATRE. 0243 781312. Season soonsared by Martin: & Rossi THE ORVIES DISCHEL Tomos 2.0 Fri. Sat 7.3. THE EAGLE NAS TWO NEAOS. Ton't Tomor T.O. Sat 2.0.	BFOROOM FARTZ "If you don't laugh sue me " O. Exo. A National Theatre Groduction	C' 4551C. Leicester Square. 01-930 5015. DEATH C''LE'TOR IX: 2.55. 6.5. 9.15. MEAN OOG BLUES IXI. 1.10.
ing set (6) 10 I'm taking placard for	(i) 11 Authnr's reward from	4 1053kHz/285m 7 "30kHz/1500m	1 100 Kint, 200 K 94,9410	12.02 pm You and Yours. 12.27 What	NEADS. TON'T TOMOT T.O. Sat. 2.0.	GUEENS THEATRE CC 01.734 1100. MICHOF, CRAWFOD CHOOVER FOP ALGERNON	
enariatan (S) 12 Write label on U.S. army	kingdom (7) 14 A prize for wasting away (7)	1039kHz/275m 0 & 92.95vh1	1548kHz, 194m & 95.8vhf	news. 1.00 The World at One. 1.40 The Archers. 1.55 Shidoing torecaat. 2.00 News. 2.02 Woman's Hour. 3.00	COMEDY TNEATRE, CC. 01-530 2573. Mon. al 9 00. Mats Fri. and Sat. 6.30. THE DOLLY ROCK 'NY POLL SHOW THE ROCKY HORROR SHOW SNACK BAB OPEN 1 HR. BEFORE PFS.	In FLOWERS FOR ALGERNON A New Marcal Reduced Brice masters Tonight & pm. Drens Tonice Tonight & pm.	CTASSIC POLY. Oxtord Circus IUoper Segent SL) 537 9353. Inord Acroman. IV Uliman, AutuMN SONATA IAAI. Progs. 1.30 nol Sumi, 3.45, 5.00, 8.15.
headquarters (8)	17 Aiming at flat-fish 191 18 Nolice about road over river	2 509kHz/433m 2 509kHz/330m 2 58-91vhf stereo	London Broadcasting: 1151kHz, 261m & 97,3vhf	News, 3.05 Alismoon Theatte, 3.50 Choral Evensong [S1, 4.35 Story Time.]	CRITERION Trees C TO be well	Sat. S.O & 0.0 Mat Wed 3.0 (from 20 Int)	Cirezon, Caron Street, W1, 499 3737. Grand Orix Concer, 78 THE TREE OF
13 Like sea-bird at back of boat (6)	being shortened (S)			S.00 PM. News magazine. S.50 Shio- ping loracast. S.55 Weather: pio-	CRITERION, From 6.20 am incl. Suns. 01/930 3215, CC. 8488. 01-836 1071, Evos. 6 00. Fri. and Sar. 5.30 and 8.30 LEWIS ELIZABETH FIAHOER & OUR ESTENSEN	RAYMONO WEVUERAR, .CC. 724 1553, At 7 nn 9.00, 11 00 om, Down Suns. Gaut 5 Aymond odersysts The Feytyal Dr Ergyman Folly Bir-Conditioned 21st YEA8.	Citezon, Carron Street, W1, 459 3737. Grand Gras Conset: 78 THE TREE OF WOODEN JOICS IAL A Sim by OLMI ISnaith, sub-filles), Daily at 2:30 and 7.15. Spedays al 2:40 and 7:5. "A strail Site and a rematcing experiences."
15 Two groups of soldiers could be ancommon (4)	19 Comprehend it could be to convert into money (7)	RADIO I	Music los Organ 151, \$10.20 Janacok	ping loracast. S.BS Wealter: pio- orammo news. 6.00 News. 0.30 Mv Music [S1 7.00 News. 7.05 Tha Archets. 7.20 Checknoint. 7.45 Very	LLOUES	THE FESTIVAL OF EROTIFA Folly Bir-conditioned 21st YEA8.	TRATAR STRUGET TREATER AND STR
16 Satior going to underground	21 Bacon fat with nothing on to follow (7)	 (5) Storeophonic broadcast t Medium wave 	[S]: Taras Bulba. \$10.50 world Cup circket: Prudennal Cup. England v ICC.	teost Services do we want? 9.201	PLAY." O. Telegraph. ORURY LANE. CC. 01-835 0106.	RIVERSIDE STUDIO. 01.748 X154 Eve. TucsSun. T.30, Sat 2 30, 7 70 Shakespen 's MEASURE FOR MEASURE	THE MUPORT MOVIE (1) Sea, oros, d'v: 2.00, 5.15, 6.30, Seat Bible, in Povance (or. 8.20 orog, MonFri.
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(4)	conclusion (3, 2) 26 Insect put up a ringing	including 5,30 Newsbear. 7.00 Radio 1 Mailbag. 8.00 Andy Peebles. 5.50 Newsbeat. 10.00 John Peel [5], 12.00- 5,00 am As Radio Z.	11.SS News. VHF with medium trequency-35	BRC Redio London	baubles, bapelos and beads. 5, News, At Wimbledop Theatro 18-30 June,	HAPPY DAYS	DEFON MARBLE ARCH. WZ: 773 201172. THE SNAPE OF THINGS TO COME (AL. Sen, Borts, WKS. Opens gen 2.00, 4.65, 7.45.
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25 Dealer having to trade in credit (S)	Solution to Puzzle No. 3,993	5.00 am News: Weather. 5.02 Tony arandon IS). 7.32 Terry Wegon IS'.	Srahma, 12.10 pm in Short, 12.20 Rp. Scattish SO [S], gart 2: Bachmaninov,	S.10 Look. 6100, Listen. 7.30 Black Londonars, B.30 In Concort. 10.03	OUCHESS 01-336 8243, Mon. to Thors.	AGYALTY. CC. 01-405 RODA. Manday-Transa evonings R 00. Friery 5.30 Band 0.45. Saturday & The and 8.00 Subbling BROWN Stigar	Ongrine Holdman, Vanes, Brits, So. 253 Stoll. Actartwa (A), Sto. Derts, delly Inc. Sun. (240), Sto. Derts, delly Inc. Stop Fr. and Sat. 11.15. Seats bkble.
27 Indian gent loses article and is in need (81	Detest Candud 7 A 2 C R A Cruupet Steeple	Waggonors' Walk. 12.30 Peto Murray's	Victin regital 2.00 Dates a Dates	Lote Night London, 12.00 As Badin 2. 12.05 am Question Time. 1.05-5.00 As Radio 2.	OUCHESS 01-335 8243. Mon. to Thors. Evs. 6-00. Fri. and Sat. 5-30 and 8-15. OH: CALCUTTA: "The nucliv is stunning." Oally Tel. Ninth Sensational Yoar.	The Award-Wincing all singing all dancing his musical,	Show Fri, and Sat. 11.15. Seats bkble.
28 Sheep in more confusion 161	G B E B E A L	4.30 Waggonera' Walk. 4.45 Sports	Interval rozding, 2.50 Messe, part 7. 340 Hovrig Marset	London Broadcasting	FORTUNE, 835 2235, Feet, 5.00 Mark	ST. MARTIN'S Credit cards. 828 1443. Eventings F. San, Thur 7.35, Cat. 5 & 5. AGATHA CHARTIE'S	X300. 3 and 4. Oxtore Cirtos. 437 X300. Againa Christie's DEATH ON THE
29 Basten to make unusual	Secondmand Matri U M N_ E A	Soorts Dock. 702 The Organist Enfai-	rS1. 4.30 interface [S] Concort. S.30 Young Music Makers [S], 5.45 Open University. 7.10 Malcolm Binns [S].	S00 am Morning Music. 6.00 The AM Show. 10.00 Brion Heves. 1.00- B.00 nm LBC Records with George Gale	Thurs 3.00. Salurdays 5.00 and 6 DO. AGATHA CHRISTIE'S MURDER AT THE VICARAGE FOURTH GREAT YEAR.	THE MONGETTREE WORLO'S LANGEST-EVER RUN 27th YEAR.	E (Al, Props., 2.20, 5.25, 8.10, Late
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DOWN		Hubert Gregg. 11.02 Brian Matthew.	RADIO 4	0.00 am Miko Smilh'e Areaklost	must be seen." 5 Tel. "Exhilarating	SHAFTE SURY. 355 6590. CC. 538 4255. Evgs. 7.45. Wed. Sat. 4.30 and 8.00. BATTO COMEDY MISICAL CANTERNIEY TALES "LOTS OF SEX PLEASE. WF RE ORITISH SUMS UP THE SHOW'S APORAL "O MI. SPECIAL SUMMES SEASON.	CLUBS
1 One who harvests in fall (7)		and the Night and the Music.	6.00 am Netvs Briefing, 6.10 Forming Today, 6.25 Shioping Forocaot, 0.30 Taday, Including 0.45 Fisyol to the Oav, 7.00 B.00 Today, News, 7.30, 8.30 Arway bandling, News, 7.30,		GARRICH. CC. 01-836 4601. 8vos. 8.00. (shami Wed. 3 00. Sat. 5.30 aug 0.70	ORITISH SUMS UP THE SHOW'S APOEAL." O MIL SPECIAL SUMMES SEASON.	EVE. 189. Segent Street, T34. 0557. A la
2 Oild character could be a crank (9)		\$5.55 em Weather. \$7.00 Nowo. \$7.05 Year Midwook Choice [S1, \$5.00	Oav: 7.00 B.00 Today's News: 7.30, B.30 News hoadlines; 7.45 Thought lot	7.30 Adrian Love's Open Lino (S), 9.00 Nicky Homo'o Your Mother Wouldn'i	UENNIS OUILLY IN ISA LEVIN'S NEW THRILLER OEATH TRAP	AIR CONDITIONING ERFORT CARDS	EV2. 189. Segent Street. T36 0957. A la Carte or All-in Mene. Three Spectacelar Floar Shows 10.45. 12.45 and 1.45 and music of Johnny Hawkssworth & Frignds.
3 Mohammedan ruler hidden by a consultant (6)	EMOURE SKETCH	36.55 em Wesher. 37.00 Navo. 47.05 Yesr Midwaek Chare IS1, 45.00 Nava, 49.05 Your Midwaek Chares IS1, art 2: 49.00 News. 49.05 This wesk's Composor: Sach IS1, 49.45	8.00 Nows. 9.05 The Living Wold. 8.35 Parent Power, 10.00 10.05	Liko It IS). 11.00 Tony Myali's Late Show IS). 2.00 am Ouncen Johnson's Night Flight IS).	GARRICH. CC. 01-036 4601. 0vot. 8.00. (JARTI Wed. 3 00. Sat. 5.30 aug 0.30. OENN'S OUILLY IN 184 LEVIN'S NEW THRILLER OEATH TRAP "THREE CHEERS FOR TWO HOURS OF VERY INGENIOUS YERY FUNHY MARVELOUS ENTERTAINMENT." S. Tel. "VERY EXCITING." FID. TURES	Flom 5-00. Dinko 21 Janso 9.30 SUGER REVUS BUSSLY	GARGOYLE. 09 Deen Street London. W.1. NEW STRIOTEASE FLOORSHOW "AS YOU LIKE IT" 1,7-3-30 am. "Shoria et Miteriaht and 1 am.
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Television

Financial Times Wednesday June 13 1979

THE ARTS

Birmingham Repertory

Rookery Nook by ANTONY THORNCROFT

Rookery Nook is one of the best known of Ben Travers' Ald-wych farces but oddly enough It has not been given a major first-class revival since the nriginal production over half a century ago. This uplifting of the veil by the Birmlngham Rep suggests that the piece is best left in the bands of local amateur dramatic companies. A heavyweight company sinks the flimsy craft.

And the actors are certainly heavyweight, from Peggy Mount as the censorious char to Nicky Henson as Gerald Popkiss, the first Silly Ass. The director is Frank Dunlop, and the design by Michael Annals includes a vin-tage car which adds a fleeting touch of reality as it drives coolly off back stage. It is a pity that all this talent is engaged on plot and dialogue that is most appeal-ing for its period charm. That our parents and grandparents could get so worked up over a simple story line—young mar-ried man shelters for the night pyjamed girl fleeing from step-father, with predictable confusions-that P. G. Wodebouse would have used as the starting point for imaginative development, is quite amazing. Of course the attraction in the

riginal was the sight of the regulars in the company doing their party pieces, and Frank Dunlop encourages a great deal

Holland Festival

Tristan und Isolde by MAX LOPPERT

" Good performances mad." But what about meditore performances? No doubt it would have been asking too much of even Wagner's all-ic preparation, and the partici-and lightweight, particularly deprived of bass solidity; sentences and paragraphs sentences and paragraphs smbracing insultation to plo- pants numbered some inter-nbesy such an effect; he might nationally eminent tames. nbesy such an effect; he might nationally eminent tames, have been surprised to learn Indeed, the producer was Gütz that a mediocre Tristan is, in Friedrich; but although he and its own very different fashion, his design team of Heinrich every bit as provocative of Wendel (sets) and Jan Skalicky mental discomfort. To the (costumes) were guilty of the incantatory ecstasy of a great unost the only possible course of the situation recently famillar is explored to the situation recently famillar is ware the only possible course of the situation recently famillar is action for the mosically in Warner noductions—lot the

Nicky Henson and Peggy Mount

Mellor) as a fun girl. class and foreigners are useful butts-and in the end the innocence and inanity of it all wears down the rational doubts and the niggling queries. And if the denouncent looks as if Ben of basiness from Henson and his Travers can out of writing paper Brown, as Gertrude Twine, who maybe another fifty years will 'slightly'less gaga cousin Clive, as nuch as imagination there is for some reason inspires fear add wit to the style that un-played by Terence Frisby. Their a nice premature climax with in men in general and nighty doubtedly sustains this produc-'strong playing gets laughs from the belated appearance of Poppy dread in her weedy husband tion.

Rookery Nook is now Brown, as Gertrude Twine, who

making this the star part) is a quite impressive location film Mount in embryo. I must admit work. Only Rumpole of The curiosity, and perbaps Frank that the plot did not seem worth Dunlop takes it to seriously. The pace quickens when Pergy beart-felt line "This is desperate Crime And Punishment which stuff " summed it all up, but maybe another fifty years will

novel set in the past (Peasants, Politicians and Power) and an English serial written specially most of the audience.)

bout "the hard-drinking, hard- skills and style fit them even loving squire who has his way better for television than for with any woman he fancies, and cinema or live theatre. It is Flambords, though the con- effective television drama. words. suggestions of Mangham and fusion is understandable, but Whatever the order in which The Deep Concern is a BBC-1 Chandler) which nu television The Mallens as described — fit was actually made, Michael series written by Elwyn Jones is just as rare as really memortingly — in TV Times) is saved from being an entirely bad production and promoted to the pretty basic stuff-the working Dickey (good work from Cherith Harold (Andrew Robertson level of ordinariness hy some

> has just been shown in three parts on BBC2 was the last major work adapted for tele-vision by Jack Pulman whose death came so sadly immedi-ately before the series began transmission. It would be unfair to the memory of a man whose skills gave sn many millions of intelligent viewers such plea-sure, to pretend. just because be appearance of Crime And Punishment coincided with his death, that this was one of his greatest achievements. It

I Claudius was, and the significant difference between the Graves and the Dostoevsky is not bard to find: where I notes were in place, there was Melodic. Textures were shaky is not best delivered in a half- Claudius is chock-a-block with incident, narrative, sequentlal events, Crime Aud Punishment contains just one event of real moment — the murder — and most of Dostoevsky's book is concerned with musing, introversion, philosophising, and agonising: material which is simple to express in the novel and very hard to express on

wasn't.

Television drama series and not whether it is good prose. Personts Politicious oud —Morimer can be very proud serials are going through a good Dostoevsky, or a good Potrer is rather different, and of having established a new one novel but first whether it is not second like a sociology primer. Much Already the phrase " a Rumpole and Punishment) to the modern (The other question—whether and Punishment) to the modern it is a good adaptation—is, in a rage One) and on BBC (Center is a good adaptation; a somewbat arcanc on light and Stord of Justice) via sideration; a somewbat arcanc on light and Stord of Justice) via sideration; a somewbat arcanc on light and Stord of Justice) via sideration; a somewbat arcanc on light and store of Justice is the least important con-German series taken from a problem to concern other adap- noises or background reading. If, novel set in the past (Peasants, tors and literary critics, but not like mc, you simply switched

Law and disorder

English serial written specially most of the audience.) was new. you could have for television set in the present Distancing myself as much as watched the entire 14 hours (The Deep Concern) it is all possible from the hook, my without noticing any reference, very ordinary, very average, feeling is that the television very run-of-the-mill. serial did not really come alive Even Granada's The Mollens, and start to work until Timothy which is quite dreadful in the West's appearance as Porfiry. was a lot of rather boring to-ing seose that it is a wholly un-this is one of these rate actors so on between German country. his wastrel son and heir, Dick, simply that the tension of the by bolung oven. Unfortunately a weak-willed ne'er-do-well who duel was needed to make the good bits were much too gambles his life away "too, not Crime and Punishment into an rare and the rest too tedious for

by CHRIS DUNKLEY

idiosyncratic and enjoyable: very much a part of the estabone which matters much to on the programme because it lishment as a barrister, yet dis-most of the audience.) was new, you could nave respectful of judges; a lover Distancing myself as much as watched the entire 1½ hours of Shakespeare and Wordsworth possible from the hook, my without noticing any reference, but also of charming villains; feeling is that the television visual or verbal, to autobio a ouan with unorthodox techniques in court, and in his What you would have seen private life, yet still scen as was a lot of rather boring toing an elderly and upright pillar an elderly and upright pillar by those without the law and by the young; a man who hahitually refers to his wife in Rider Haggard's phrase as " She Who Must Be Obeyed."

Moreover there is an elegance to the construction Mortimer's slories and a wryness in their telling (combining

original and utterly unconvinc- he is one of those rare actors, so on between German country-ing woman's magazine saga Frank Finlay is another, whose side and lown, interspersed with occasional inspired filmed sequences such as the two clerks being dragged down the mad



Leo McKern and Patricia Hodge in "Rumpole of the Bailey "

Darlow's direction gave the who has been responsible for able characters. Last week's elevision. To presend that John Hurt. crisp, tight and decisive as it series such as Z Cors. In this taken identity in court and

went along. His exploitation of slory he has au odd collection unmistaken identity in Rum-the superbly researched loca- of people arriving at a country pole's own chambers was a

prime example.

What, then, prevents the series being categorised as truly excellent, good eoough to rank thowever difficult the compari-

(of tot simply a case of inadequate texts, he proved quite out of refreshing but only temporary Tristan)," the composer himself resources matched to a work of his depth in the swirling flood assurance that the Wagnerian predicted, "will drive people extreme demands; for all the of the Wagnerian unendliche vocal line bas words in it, and mad." But what about mediocre notes were in place there was Melodic. Textures were shaky is not best delivered in a ball

projected burble. The stage is occupied by a

tidiness failing to conceal a kolghts and sailors are dressed want of inner coherence. The in black and gunmetal. (What-title parts were taken by Saps Wenkoff and Roberta Knie, each special appress to the opera so far below the form displayed does not be opera title parts were taken by Saps ever the reasons for this, Wenkoff and Roberta Knie, each special aptness to the opera so far below the form displayed does not loom large among at, respectively, Bayreuth and them.) During the love duet covent Garden as to suggest planetarium-type star projec-the possibility of an un-tions are seen on a backcloth; announced affliction. Between this falls to the ground at the istener and the voices entry of Marke and Melot to the istener and the voices entry of Marke and Melot to the operation of the second at the second action of the second sec

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The only possible course of the situation recently familiar the possiblity of an un-tions are seen on a backcloth provided in their singing the stating of the possible course. For the action for the mosically in Wagner productions—for the prossible cours—for the stating stood on chance of the possiblity of an un-tons are seen on a backcloth the possiblity of an un-statistic allocation of story he as a store of the stating admost de possiblity of an un-tons are seen on a backcloth the possiblity of an un-tons are seen on a backcloth the sossible cours— restation of musical eloquence are with-an intolerably grand scale. The conductor of the Radio The Netherlands Opera. Hans Operation of the Nether-Festival, was mediocre. It was capable musican in other con-youlfind stores nest of the musical intercent families and sources of the stating and Squire provided in their singing the ...yulfind stores nest of concent families and stores and for this sears. ...yulfind stores nest the state and intercent families and stores and stores and stores and stores and stores and stores and store and the work has all the state and for this sears the state and the stores and store and the stores and store and the stores and store and store and store and stores and store and stores and stores and store and stores and stores and store and stores and store and stores and stores and store and store and stores and stores and store and store and stores and store and store and stores and store and store and store and store and stores and store and st

Festival Hall

Pollini by NICHOLAS KENYON

Maurizio Pollini makes all too magical. Too much of the Fanfew appearances here, and it tasy was clouded with sustainiog pedal, but when the Adagio position, who can look at this systems these days and post television version and decide maps at the entrances. was good news indeed that his contribution to the South Bank Piano Recital Serles was to inemerged from the mists the result was supremely eloquent: elude the Boulez Second Sonata the ineffable sadness of the close and the Webern Op. 27 Varia-tions (works which he has (paradoxically a sudden twist into the major mode) making an unbearably direct effect. recorded for DG on 2530 803,

one of 1973's outstanding records). So the disappointment was all the greater when, a couple of weeks agn, the pro-Difficult to explain wby Pollini's Beethoven should be marginally less satisfying than his Mozart. The tiger is unleashed; gramme was changed to one of Mozart and Beethoven. Would a special occasion become instead

something ordinary? Fortunately, the answer given by Monday nlgbt's magisterial

John Wayne

John Wayne, the Western and had seven children. Members vocal line cunningly placed in movie's greatest hero and the of his family were with him the tenor register to disguise star of over 200 films, died on when he died at the University any waning in Pear's powers. Tuesday at the age of 72. During of California Medical Center. Tuesday at the age of 72. During Nigel Andrews will be writing plete set it remains a little inhis 15-year struggle against cancer — the "Big C" he called it — Wayne had seemed as trugh, good humoured and lazily masterful a presence as ever;

Sibelius both on and off the screen. The momentous ovalion he received at the 1979 Oscar ceremonies season

Wayne was married three times symphonics.

5

doubt, all read at least bits of and then worth missing for the the novel, have projected on 10 other 24 hours and 50 minules Hurt's mesmeric eyes their owo thanks to the script, acting. memories of the book, and have and direction. then praised the actor for what Justice is like all the other they themselves have put there. mediocre modern American It was interesting to discover avenging-forces series you ever second batch. Since the from reports of Melvyn Bragg's saw: last week Our Hero pene- number of truly memorable interview on the South Brak trated the villain's fastness, original television characters Show that the honest and vasily nipped into a ventilation pipe talented Hurt admits that be and emerged with unerring has never even read the book. accuracy in the office hc wanted What is really needed is a to burgle. They presumably critic in the same unbiased light the insides of ventilation

Aldeburgh Festival premieres

the rby thus rush away in a ter-ifying, pounding race after prey. The powerful impetus isi still there: so too the superbly "orchestrated" piano sound (not T. S. Eliot's "La figlia che later resolving into standard an imitation of instrumental tex-piene songs for tenor and slays ils welcome and horrows

by Monday night's magisterial set of performances was—not at all. Pollini devised a wholly tures. of course; simply a highly satisfying sequence of three solution of instrumental tex-statisfying sequence of three solutions of the constrated "pianoe" is one of a planned stays its welcome and horrows the set of three songs for theor and stays its welcome and horrows harp written for Peter Pears to ounashamedly from the pairs of classical works: the motional language is still plain and direct: and whereas plain directness in Mozart enables all directness seems to store overlook some of the subtle the concentrated power of Pollini's Mozart is astonishing: twists and guirks in the subtle the lines wend their way under stonoto was swept into a grand day, overwbelming. The Appas- apoverful directional impulse, vision, yet the vision seemed a grand direct is and was on Mor- the lines seensitive, the mation had seemed to say every. I was and the subtle the lines wend their way under the sound is pure and Pollini's less outspoken declar, the phrasing sensitive, the mation had seemed to say every. organisation and structural

in the found will be atom of the potency of the simplest chords even in an ever hurgh concert in this year's changing pattern of key centres festival was given over to for the barp, a liquid, sustained William Alwyn's song cycle A vocal line cunningly placed in Lcore-toking. Alwyn is a Blyth-the tenor register to disguise any waning in Pear's powers. gramme note suggested that this Out of the context of the comcycle was to be his farcwell to composition: "I still have much

Nigel Andrews will be writing; pitte under the article and the article and the article and the article article and the article of interest in a strangely billy Tabley, are predominantly sub-concert given by Ellis with the dued. lyrical and sombre in turn, figutist Peter Lukas Graf and the focus a menacing rersion at the 1979 Oscar ceremonies showed the illness had taken its toll of his health hut not his popularity. The star of Stagecoach, The Grit became the einema's most heroism, and his last film, The Stanchers, Water and the stancent in Glasgow and Edinburgh per-formed by the Scottish National Grit became the einema's most heroism, and his last film, The Stanchers, with the in addition to support by Standisi, was an apt testament in Glasgow and Edinburgh per-formed by the Scottish National Crehestra next winter will be sponsored by Gulf Oil. This be in addition to support by Standisi, was an apt testament in Blast sile in Glasgow and Edinburgh per-formed by the Scottish National Crehestra next winter will be sponsored by Gulf Oil. This by Schidlof, a performance of SNO concerts in Aberdeen. The Sibelius Season will run Eistedd/Od for flute, viola and his last film, The Shootisi, was an apt testament The Sibelius Season will run Eisteddfod for flute, viola and Anthony Rolfe Johnson, accom-and self portrait; the story of in Clasgow and Edinburgh from harp by the 42-year-old panied by David Willison, pro-an ageing gun fighter stoically. October 1979 to April 1980 and American composer Jan Bacb, duced an eloquency that must unselfpityingly, dying of cancer, will include all of Sibelius silts a set of 12 variations on a have deeply touched the com-Welsh penillion melody; irritat- poscr.

night, though not impossible since the impression is more of surface than of depth. Sword of

Easily the best current drama scrics is John Mortimer's Rumpole which is now into its worthy of comparison with those such as Bulldog Drum-mond and Father Brown from

son) with Country Motters. say, or Lost Boys? It is hard in put hriefly, but It has something to do with those very mannerisms and that very elegance: there is a deliberateness in the design and structure which shows through. like a sculptor's armature discernihle beneath the clay, perpetually reminding the onlooker that this ls, after all, only an imitation of reallty. Thus It is Impossible to suspend dishelief more than momentarily, and for wholly excellent drama one must wholly believe. Rumpcie is still hugely enjoy-

ahle, but his efforts alone canliterature is astonishingly small not lift British television drama -only Barlow, Dixou and Ena very high off the plateau on Sharples come promptly to mlnd which it is resting.



If a lunch can be good for business, then a very good lunch can be very good for business.

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The Four Seasons Room is the pride and joy of what is probably London's loveliest hotel, the Inn on the Park. As such, it has established itself as unquestionably one of the finest restaurants in Europe.

Here amidst the elegance of a bygone era, you can choose from a list of over 200 fine wines and a menu that

changes, naturally enough, with the four seasons. You will find the





THE BUDGET: THE CHANCELLOR'S SPEECH

Public spending cuts · Reduced state role

SIR Geoffrey Howe, the Chancellor, presented his first Budget yesterday. He attacked the legacy left by Labour and presented a formula to overcome the "years of decline." He called for public spending cuts of £1.5bn, a 2 per cent increase in Minimum Lending Rate, VAT increased to 15 per cent and sale of state assets totalling £1bn.

ber 28, 1976:

"IT IS a little over five years we do. The Germans produce man, Member for Leeds, East, ensuring that it is. since my predecessor, the RL more than twice as much. And Hon. Member for Leeds East, they are moving further ahead rose at this despatch box to all the time. present his first Budget. Like at a general election. In com- until recently, we have been pressing the huge and complex able to claim a good record in process of Budget-making into most of those things that can so short a time, he faced—as I be summed up in the phrase

18

2.0

bave done-a formidable task. support not just from my fellow Treasury Ministers but from many people, of every rank. within the Treasury and the two Revenue Departments. But for their willingness to work far beyond the call of duty it would scarcely have been possible for

"So I gladly echo my pre-decessor in acknowledging this assistance with a very real sense of gratitude.

"I echn him too in saving that I approach my task-and I assure the House that I quote his very words—' in a mood of humility and trepidation.'

"I say that nnt just because of the novelly of the experience —although that is daunting euough—hut much more because of my sense of dismay at the disturning familiarity of the complex from the mint of But it would be very danger-I say that not just because a new Government. The late Jain Macleod, alas, did not live long enough to be included in this series. Before me thera was, in 1964, the present Leader of the Opposition; in 1970, my of the Opposition; in 1970, my or the duration of slow noble friend. Lord Barher; and in 1974, the Rt. Hun. gentleman, the Member for Leeds, East. The depressingly familiar shores can help us.

feature of the first Budget "As it happens, the inter-speech of each of these three national environment is unlikely predecessors is that every one to give us any comfort in the of them found cause to com- years immediately ahead. Oil plain, with more or less justice. about the disagreeable nature of the economic estate that had come his way. "The Hause will understand,

in light of the most recent evidence about inflationary monetary growth. trends. Government borrowing and the deteriorating trade balance-not to mention the post-dated cheques for public sector pay that I found on arrival at the Treasury-that I am In no posi-tion to discontinue that tradi-

Inflation back on the rise

did this with notable enthusiasm. For in five years of office the time. There has, of course, been Budgets and economic "packme, he did so within a very plenty to say in mitigation of ages," and financed a wide few weeks of his party's success these developments. At least range of policies in the name at a general election. In com- until recently, we have been of "the regeneration of industry "But, at the end of five years,

be summed up in the phrase he must ask himself, to what the quality of life? But in the avail? Has the industrial stra-"I have received unstituing last few years, the hard facts of our relative decline have betransformed the outlook for British industry? Are we not driven to the conclusion that come increasingly plain. And the threat of absolute decline bas gradually become very real. That is not a prospect I am prepared to accept. Nor, I be-lieve, are the British people. beyond the call of duty it would the call of almost to destruction? ingly futile, quest for easy solutions.

Dangerous

preoccupation

"Naturally, as inhahitants of a country that has always heen

the occasion from the point of ous if preoccupation with this view of almost everybody else. or that 'world crisis'—'the "For, as the House will re- oil crisis,' the dollar crisis,' or call, this is the fourth Budget whatever-led us to believe in the last 15 years to he intro- that our economic troubles duced by a new Chancellor in could he hlamed mainly on the

growth. If we do nothing to change course, then nothing that bappens beyond these

the economy. Innovation prices are now, on average, ahout 30 per cent higher than six months ago. discouraged

"This is one reason why growth in most countries is likely to be significantly lower than in 1978. So we clearly now need to do more about both conservation and supply of energy

For that reason, it will be an important subject for discus-slon at the next meeting of the European Council, and at the Economic Summit in Tokyo at the end of this month.

"Given the monetary and fiscal policies to which we are firmly committed, irresponsi-hility is bound, as I have said, to threaten jobs. This indeed is the clear evidence of recent history, most plainly in toe private sector.

" Responsible bargaining necessarily means different things to different people and in different kinds of firms and tegy, as he conceived it, really industry.

"But on both sides of the table certain limitations must the notions of demand managebe recognised: in the public sector, what the rate payer and ment, expanding public spending and 'fine tuning' of the tax payer can afford; in industax payer can afford; in indus-try, what the customer is pre-pared to pay, what the firm needs to invest, and what the pressure of competition de-mands; and, throughout the economy, the limits imposed by the need to control the money economy, have now been tested "Certainly the rt. bon. Gentleman the Leader of the Opposition, has come round to that view. For, as he said in a the need to control the money memorable speech on Septemsupply

"We used to think that you As I have already observed, my predecessor was undoub-tedly right to adopt a system of could just spend your way out of a recession and increase emmonetary targets. But bis other policies were seldom consistent ployment hy cutting taxes and boosting Government spending. I tell you, in all candour,' said the rt. bon. Gentleman, 'that with his own monatary objectives. that option no longer exists. . .

"The rt. hon. Gentleman, the Savage private Member for Leeds, East, has, in the event, heen proclaiming

the same conclusion. For be has throughout asserted the imsector squeeze

"Thus, although monetary growth in 1978-79 as a whole portance of monetary policy. He rightly began the practice of setting money supply targets. And he claimed to make his public spending plans accordingly. This means that I am able to approach my task this afternoon on this one crurially important per cent. "Moreover, the May figures,

on this one, crucially important, piece of common ground: that now hecoming available, indicate that the underlying growth is still above the top of the range and, if anything, acceler-ating. One cause of this has been the alarming rate of cen-tral government horrowing. the poor performance of the British economy in recent years has not been due to a shortage of demand. We are suffering from a growing series of tral government borrowing: £2;hn in April and May alone. failures on the supply side of " It is now clear that the pub-

lic expenditure policies which we inberited would have made it quite impossible to meet the Rt. Hon Gentleman's S-12 per cent target without a further "It is our belief that many of these failures are themselves the result of actions and intersavage squeeze on the private sector, involving not just higher interest rates but a sharp in-crease in the total tax burden ventions by Government Itself: as well.

laws that stand in the way of change and stiffe enterprise; and, as important as anythlog. "Not for the first time, the levels of public spending and borrowing which he permitted structure of taxation that were far too high to be commight bave been designed to patible with his own monetary Innovation and targets. Reluctantly, I shall myself

end of this month. "Of course, there are many" "Reluctantly, I shall myself In this disturbed situation, other causes of our decline, be obliged to take painful action

members. In one important area, beneficent changes that are rate of growth of the money ance with custom and statute, however, present EEC policles undoubtedly within its power supply. I therefore intend, I am publishing in the Financial are seriously hinderiog our than to preach the need for despite the discouraging back. Statement, does suggest that



Sir Geoffrey Howe leaving 11 Downing Street to present his Budget speech to the Commons yesterday.

"That is why I offer my year, freely available for new can and will be made in the diate start in reducing expen-judgment of the scale of outward direct investment. This remainder of this financial year, diture on industrial and em-Government horrowing in 1979- should allow the majority of 1980 with a degree of caution. UK firms who invest oversees Having said that, hy best esti- all the sterling finance they are mate is that the changes in Ikely to want. taxation and public expenditure which I am approuncing today will he sufficient to reduce the

current year, as compared with the outturn of £91 billion for 1978-79.

from over 51 per cent last year to under 41 per cent in the current year. The public sector deficit will also fall from 41 to 3} per cent of GDP. These are important steps in the right direction. I intend to continue along this path in the years

ahead "It will no doubt be argued by some-although I do not think it can be so argued by my predecessor — that fiscal check inflation. Indeed, in action to bring down the PSBR make matters worse."

the European Community can. That is not in dispute. But we to correct that mistake. and should, be a source of stab-illty and of strength for its for Government to make those progressive reduction of the arithmetic, which, in accord-

First, as I made clear three weeks ago, we shall not raise the cash limits to cover prices higher than those provided for in the cash limits originally published for this year. On pay in the public services, while we will bonour the commitments to "The two-thirds rule, which the universities and the health

that overseas investment gener-ally strengthens our position in world export markets to the benefit of output and jobs in this country. Moreover, addi-tional investment overseas today will yield an income that botion is made through the rate "In the area for which my will stand us in good stead when support grant, As I said three rt hon friend the Secretary of

predecessors, in general we will limit the adjustment of the casb The weight of evidence is setting economies will have to setting economics applies equally to ment is highest. Savings of local authority expenditure, over £170m will be made in the Government's contri-these programmes this year.

"NORTH SEA oil will itself do nothing to solve the problems on the supply side of our economy. Nor will it check inflation. Indeed, in some respects it may actually

overseas earnings from weeks ago, we shall take account North Sea oil begin to decline. of pay settlements in calculating "During the sterling crisis the increase orders for the rate of 1976, the last Government support grant, but we shall "My rt. hon. friend, the Secof 1976, the last Government support grant, but we shall stopped the use of stending to make a significant, across the

diture on industrial and employment subsidies. My rt. hon. friend, the Secretary of State for Industry, is cutting expenditure on industrial support this year hy £210m. This will come mainly out of the provision for new projects hy the Department of Industry and by the National Enterprise Board, authorities entered upon by our and by imposition of a delay of predecessors, in general we will four months in payments of approved claims for regional limits so that substantial off- development grant. Support from the employment pro-

> State for Energy is responsible savings of over £320m are being made this year in the finance for BNOC and the electricity, gas and coal industries. The industries have been asked to avoid so far as possible increases in fuel charges beyond those required to meet

retary of State for the Environ-ment, is making savings of

restricts the re-investment of profits earned overseas, will be abolished. This greater freedom PSBR to £31 hillion in the in the financing of direct investment abroad does not, as is sometimes feared, threaten jobs "As a percentage of GDP, that will represent a reduction in the United Kingdom.

volume manufactured af inports went up by 131 per cent. Though demand was rising strongly, and unemplayment remained high, reconomy was almost unable to 20crease supply.

The current account of the balance of payments was harely in surplus last year, despite a massive contribution of f3/ba iroan North Sea oil and gas. And well before the last Administration left office, inflation was back on a rising trend. Although many price increases had been held behind the General Election dain, the rate of inflation in the six months to April—excluding seasonal foods-was running at no less than 12.3 per cent at an annual rate. "Un that form and on the

policies which brought it about, there is little reason to expect any same vement in the fulure. Productivity is rising less than half as fast as in the early 1970s. And there is no sign of any change for the beller there.

"Last year's growth in domand could never have been sustained. For, as the trade figures make clear, it was largely met from imports. This is the main reason why the recent fall in unemployment was, in any event, likely to be reversed.

"It would be easy to con-clude that these difficulties are all the fault of the last Administration. And certainly the party opposite hears a heavy responsibility. Labour Governments have, after all, been in office for 11 of the last 15 years. Even so, I want to consider our problems in an even longer berspective.

Threat of decline

"Only a quarter of a century ago-within the memory of living standards than the

Britain was then second only within. to the United States in economic "I do

bined share of world trade in Government of which he was a only lead to higher inflation and administration. manufactured goods, which in ours. The French people now so as to promote efficiency and We shall be more than willing sor found to bis cost, this is a to make official exchange, to the produce half as much again as growth. The Rt. Hon, Gentles to consider better methods of fickle and elusive statistic.

ticl the same story. Consumer acts schously mindering our than to preach the need for despite the discouraging back. Statement, does suggest that the same story. Consumer efforts to belp ourselves. The united Kingdom and its authority. Certainly, improcess, to reduce the target growth in the period immediately ately ahead. The unites as much as manufacturing poorer members of the Com- unless we are prepared to unless we are prepared to unless we are prepared to unless under the target range, to it can be viewed as a reliable to the growth of story to the growth of story of the viewed as a reliable to the growth of story of the viewed as a reliable to the growth of story of the viewed as a reliable to the growth of story of the viewed as a reliable to the growth of story of the viewed as a reliable to the growth of story of the viewed as a reliable to the growth of story of the viewed as a reliable to the growth of story of the viewed as a reliable to the growth of story of the viewed as a reliable to the growth of story of the viewed as a reliable to the growth of story of the viewed as a reliable to the growth of story of the viewed as a reliable to the growth of story of the viewed as a reliable to the growth of story of the viewed as a reliable to the growth of story of the viewed as a reliable to the growth of story of the viewed as a reliable to the growth of story of the view of story of the viewed as a reliable to the growth of story of the view of the view of story of the view of story of the view of the view of story of the view of the view of story of the view of story of the view of

tured 4 per ceot less gauds in stantial resources to richer which I have referred. 1978 than in 1973. But the member states, chicfly through "This is wby the "This is why the British the Community Budget. people are convinced, as we be-"We have already made it lieve, that it is time for a new very clear to our partners that beginning. So, our strategy to

discourage

punish success.

"IN THE last few years the hard facts of our relative decline have become increasingly plain and the threat of absolute decline has gradually become very real. That is not a prospect I am prepared to accept. Nor, I believe, are the British people."

this cannot he allowed to con- check Britain's long-term tinue. It is plainly unfair. And economic decline, which has it is against the interests of the gathered pace in the last five Community itself. We shall con-years, is based on four tinue to press for an agreement principles. which meets our case. "We need to strengthen in-

prosper.

ing understand the conse-

way in the right direction.

squeeze inflation out of the

But, I repeat, progress inter- centives, by allowing people to year. nationally, whether on energy keep more of what they earn, policy or within the Community, so that hard wurk, talent and will not cure the deep-seated ahility are properly rewarded. weaknesses of our own domestic "We need to cnlarge freedom

North Sea oil warning

economy.

"Nor will North Sea oil. Growing production will certainly put far as possible, that those who us in a better position than take part in collective bargainother countries, without oil of their own. But it must not be quences of their actions-for allowed to conceal the grim that is the way to promote a truth about what has been hap pening to the balance of our own trade, particularly in manu-factured goods.

factured goods. "North Sea oil will itself do economy is allowed to work. nothing to solve the prohlems on the supply side of onr cconomy, Nor will it check inflation. Indeed, in some respects it may actually make matters worse, unless we correct some other aspects of policy which are at present working in the system. It is crucially important

wrong direction. "So we find nurselves, yet again, asking the question: how are we to check, and then reverse, the long decline? In particular, what can we, here in public expenditure. this House of Commons, do

ahuut it? "We do well to begin, I almost every Member of this suggest, by acknowledging that House—the people of the there is a definite limit to our United Kingdom enjoyed higher capacity, as politicians, to influence these things for the citizens of any of the larger better. I suspect that that view the part of Government must he countries of Eorope. Among is much more widely accepted supported by responsibility else-the free nations of the world, outside this place than it is where. People must understand

strength. "Nut sn today. For example, the House, for a moment, to national production. Higher pay figures as eotirely characteristic France and Germany's com- consider his experience. The without higher productivity can of the legacy of the last prominent member consistently unemployment.

eed for

apply to the growth of sterling cent. I will roll the target forward by six months in the

autumn • Equally important, I intend to improve the way in which the monetary target is achieved. We need to rely less on carbing to be profoundly wrong. the private sector, and put more "To aim at a significantly economy hy the public sector. Tbls requires, as a first step, a significant reduction in the

around £10hn that it would otherwise bave reached this "There are, however, limits

to what can be done in the Budget, with two and a half of choice for the individual by reducing the role of the State. current year. This is indeed a "We need to reduce the burden of financing the public severe bandicap.

sector, so as to leave room for commerce and industry to MLR increased And we need to ensure, so to 14 per cent

"I intend, even so, to reduce the public sector's financial needs enough to make it possible to achieve my monetary target with less restraint on the private sector.

"But the fiscal measures which I am announcing today must inevitably take time to take effect. They cannot im-mediately reduce the seriously "The tax changes I shall pro-pose today will be only the first step. They will take us a long excessive monetary growth that we have inberited.

"But they will not them-selves be enough unless we also "Particularly given the con-tinuing surge in bank lending, I have concluded that there is to re-establish sound money. We no option but to act directly intend to achieve this through to reduce that growth. It is firm monetary discipline and not enough to speak of the imfiscal policies consistent with it, nortance of mooetary policy, unless one is prepared to carry including strict control over one's words into practice. "The Bank of England are accordingly rolling forward the

Pay linked Supplementary Deposit scheme, or 'corset,' by three months on to inflation

"Financial responsibility on Lending Rate by 2 per cent to 14 per cent. I must make it and accept that the only bars "I do not mean to be unkind for real increases in wages and the necessity for this action

of the legacy of the last " I return now to consider the manufactured goods, which in prominent memoer consistently unemployment. I return now to consider the 1954 was almost the same as behaved as if it was possible "It is important for this to right size of the Public Sector Britain's alone, is now more for Government to manage, be fully understood by all those Borrowing Requirement in the than three times as large as indeed to plan, the economy, involved in wage negotiation. current year. As my predeces-

r, 1979-80. "Bnt this prospect, in so far as advantage in international The new target range, to it can be viewed as a reliable business and I am taking the prediction-which itself is open M3 in the 10 months to the the traditional language of neo-banking make-up day in April mean that the Budget 15, 11 the 1980, will therefore be an traditional language of neo-1980, will therefore be an traditional language of neo-neo-traditional language of neo-traditional language of neo-traditional language of neo-neo-traditional language of neo-traditional language of neo-neo-traditional language of neo-neo-traditional language of neo-neo-traditional language of neo-neo-traditional language of neo-legen language of neo-neo-traditional language of neo-legen language of neoversely contractionary. "To make this claim is to argue

that an alternative course of fiscal policy would produce more growth and more employment. I believe this argument

the private sector, and put more "To aim at a significantly emphasis on fiscal restraint and higher Public Sector Borrowing Requirement-in other words to ease the stance of fiscal policywould serve only to fuel the fire Public Sector Borrowing of inflation. In the end, we Requirement from the figure of should have less growth, less employment, and even higher prices.

'Even the Leader of the Opposition must accept that, if he remembers what be said at Blackpool, nearly three years months of the financial year ago. It follows that any decline already passed, to curtail the in economic activity which scale of public spending in the might, on a narrow view, be attributed to this Budget will be essentially the consequence of the economic aituation which has made such measures inevit-

able, while inflation is being brought under firm control. " I come now to my proposals.

I propose to deal first with the question of exchange control.

"Sterling is at present rela-tively strong, and I expect it to remain so. This strength flows partly from the realisation that, as a result of North Sea oil, the UK is better placed than most of our competitors to deal with present world oil prohlems.

Exchange flexibility

"Moreover, our fiscal and

monetary policies should maintain confidence in the currency. This is, therefore, an appropriate time to start dismantling our apparatus of controls on outward capital flows. Our

major industrialised country.

the existing basis. "In addition, the Bank are for giving both companies and announcing this afternoon, an individuals wider freedom of choice. This should reduce the distortions and costs which controls are bound to impose on very plain to the House that economic decisions. These the necessity for this action costs bear particularly heavy These on smaller companies.

"We intend to move one step at a time. In this initial stage, the emphasis will be on direct investment overseas. Details are

extent of £5m per project per

finance third country trade. This restriction has placed

British merchants at a disopportunity to restore the facility to them as soon as the details can he worked out.

"I have also decided that there should he some immediate easement of the controls affect-ing individuals. I am, therefore, before the increase orders are making significant relaxations in made. In coming to this decision, a major factor bas been bow much in present the rules concerning travel and emigration allowances, overseas property, and casb gifts and payments to dependents. circumstances it is reasonable for the taxpayer to contribute.

Portfolio

investment

announced by my honourable friend, the Minister of State in "In the field of portfolio inwestment, I am taking two modest steps at this stage. I am abolishing the requirement the Civil Service Department, "I estimate that this cash limits pollcy will reduce the to maintain 115 per cent cover volume of planned expenditure by about £1bn at 1979 Survey for overseas portfolios financed hy foreign currency borrowing; and official exchange will henceforth be available for meeting Job subsidy

interest payments on such bor-rowing. The 1975 controls on gold coins will also be abolisbed.

As the Honse knows, the liheralisation of exchange confrom the policy on cash limits, my rt. bon. and bon. friends trols is one of our obligations under the EEC Treaty. I have accordingly discussed with the bave reviewed the plans for their Departments and the nationalised industries and bave Commission the decisions I am announcing today.

"As time goes hy. I intend to take further steps in the proidentified further specific reducgressive dismantling of ex-change control. The pace of by the Treasury today, and available in the Vote Office. Further details will be given by the Ministers concerned. But relaxation will obviously be influenced hy sterling's strength as well as by the speed with which we can solve the econothe House will want to know mic problems that face us.

"In our external policy we have also to take account of our official external debts. These at present amount to \$22bn-a massive increase on the \$8bn

which the previous Government inherited in 1974. "It is our intention to reduce

this burden of external debt substantially during the life of this Parliament.

"In order to reduce the borrowing requirement and the burden of direct taxation we must make savings in public spending and roll back the coundaries of the public sector.

We are totally committed to improving standards in the public services. But that can only be achieved if the economy is strong. So that will be our first priority. Finance must determine expenditure, not expenditure finance. Substan-

tial reductions in expenditure

board reduction from the total ment,

"The cash limits on Depart-ments and fringe bodies are

being set to ensure that econo-

mies of 3 per cent are achieved

on manpower costs this year, as

On top of these reductions

reduced

about £440m from his proso calculated. "I can now tell the House grammes this year, mainly by that the reduction will be £300m scrapping the Community Land Act, deferring water authority investment and reducing the for England and Wales, and £35m for Scotland, out of total rate support grant expenditore existing allocations to housing of about £3bn. These figures authorities. "As we have repeatedly made may have to be increased when

clear, it is not our intention to we know the cost of further pay, clear, it is not our intention to increases and will be finally reduce spending on the health determined in November, service. But we cannot ignore the fact that the contribution made by some health charges has greatly diminished in recent years.

School meal

prices pegged

"This applies especially to prescription charges, which have stood at their present level for eight years, during which prices bave risen over two and a half times. It is therefore proposed to increase prescription charges to 45p. This will still leave them cheaper in real terms then thay were in 1971, and the present wide range of exemptions covering children and the elderly among others will, of course, be maintained.

"Certain dental charges will also be increased. These changes will yield £34m in 1979-80 for Great Britain as a whole.

" My rt. bon. friend, the Secretary of State for Education and tions which are being made Science, is reducing expenditure this year. The changes are in those areas of the education listed in a notice to be issued and science programmes within the Government's direct control hy about £55m. We shall not add to the increase of 5p in the school meal charge which was planned by our predecessors for the antumn term. where the main reductions will

he made. All figures are at 1979 "The aid programme this year is being reduced by £50m. Survey prices. "We are making an imme-Continued on Page 19

The British Tax System J. A. Kay and M. A. King

'Anyone who wants a brisk up-to-date guide to our shambles of a tax system, complete with suggestions for its reform, should get hold of this book." Frances Cairncross in The Guardian.

The authors offer an excellent blend of description and theory in a highly readable style.' The Accountant.

'It's readability, lucidity, and general usefulness will undoubtedly ensure many editions to come. The Times Higher Education Supplement.

'Myth-shattering.' Tribune.

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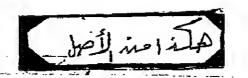
present regime is more restric-tive than that of any other

"There is an overwhelming

heing made available in the Vote Office. "The main relaxation will be

Improving the

public services



THE BUDGET

Industrial aid · Energy saving · Higher VAT

Continued from Page 18 avings are also being made on he transport, trade and arts

My rt. hon. friends, the My rt. hon. friends, the coretaries of State for Scot-nd, Wafes and Northern reland are making comparable ductions in their own proammes.

"In total these reductiona mount to almost flibn this

at's public expenditure We have decided to cut the

(THE LAST Government) consistently behaved as if it vas possible for Government to manage, indeed to plan,

this year will be met from the imports. It is inferior in this fter today.

"In two areas we are pro the latest trade figures. ding for increased expendi "An increase in Advance Cor-

"Sales of state-owned assets , the privale sector serve the umediate purpose of helping to duce the excessive Publicector Borrowing Requirement title which I was faced. This is rammes once a year has lready begun.

Precise mix

"Bul such sales are not

' This oplications not merely for the ale of our programme, bul so for the methods of sale we all adop1.

(1) A second se Second seco

Third, by comparison with laxes such as those on alcohol broadly based. and November. 1978, and are well above the figures of £4 and £2.50 announced by the previous Government. "Other social security

In his speech on May 22, the "In addition, we do not rt, bon, gentleman, the Member attend to use as large a Con- for Leeds East, seemed to favgency Reserve as pruvided our increases in the surcharge r 1979-80 in the last Govern- on National Insurance contributions or in Advance Corporation Tax. "The National Insurance Sur-

eserve by £250m. Any further charge falls on the whole of ecision to add to the volume British industry, including pro-f programmes in the remainder duction for export, but not on

he economy so as to promote efficiency and growth."

alance of just nver £250m respect to VAT, which falls on which will remain in the reserve imports but not on exports. This is clearly significant in light of

iding for increased expendiare-defence and pensions. An poration Tax would damage the xtra £100m is being provided overall liquidity of industry at or the defence budget this year. a particularly difficult time: by his will enable essential pro- contrast an increase in VAT ects in the equipment pro- actually increases it. ramme to go ahead. I shall "For all these reasons my turn to the pensions improve choice must fall on VAT. More-nets shortly. ents shortly.

As I have already indicated, be sufficient to provide for sube are only just embarking on stantial and worthwhile reducur review of the plans we have tions in income tax. I propose. therited and of the scope for therefore, that, as from uext educing the size of the public Monday, VAT should be charged ector. But it is already clear at a new unified rate of 15 per hat the scope for sales of assels cent. substantial.

Il the more necessary this year. of goods and services which are iven the difficulty of cutting zero-rated — and which will stay ack public sector spending pro- zero-rated — the new rate I pro-

of assets

more of their income on such which the last Government from 12% per cent to 15 per cent it on to their children; this is year, after they have been out-zero-raied goods. This means made of the actual rise in carn- will be smaller than for many particularly irue of the small standing for six years. that. unlike most indirect ings between November, 1977, other items. With this in mind business proprietor. taxes, VAT is not regressive. and November, 1978, and are I propose to increase the petrol "The issues involved it beth with the International to the reached at an income level siderable simplication." I propose to increase the petrol duty by 7p a gallon-which will result in a total price change of about 10p a gallon. "I also propose to increase the duty on derv by the same and November. 1978, and are well above the figures of £4 and

and tobacco, VAT is much more Government. broadly based. "Other social security "Fourlh, there is a real op-portunity for simplifying the operation of the tax by baving one rate iostead of two. Services, will announce full de-tails tomorrow." tails lomorrow.

"This means that social security pensioners will be fully protected against the increase in which is the oit used most commonly in the home, particuprices. This is what is really important. But the extent to which we can afford to go larly by pensioners. further than this-to add in-Car tax provements in real terms--must

depend on the productive capacity of those in work. Under the present rules,

BY PHILIP RAWSTORNE

"A reckless gamble with our

"The yield from these excise duty changes is estimated at an additional £525m in a full year. £400m in 1979-80. The pensions are uprated on the basis of the movement in prices or earnings, whichever is the greater. The Government have derided, however, that for the immediate increase in the RPf will be about one quarter of future the requirement for the stalutory uprating of pensions should he based on price move-1 per cent. In view of the increase I am

proposing in the road fuel duties ments, and we shall be infrohave decided to make no ducing legislation to this end. "This will be a minimum requirement, and will fully protect the value of these pensions against price increases at all 'including those arising

unchanged

from indirect tax changes, such as I have just announced. 'Of course, we want to be able to do more. I am confident that

beginning,"

"The issues involved it both sum, 7p a gallon, and the duty on heavy oil other than derv, hy ip. I am not, bowever, inbe — but should press ahead with a thorough study, with a view to legislation on all these ereasing the duty for burning oil and for domestic paraffin. matters at an early date.

"There is, however, one specific issue on which legislaspecific issue on which legisla-tion is required in order to hold the present position. I propose to extend for a further two years the period for CTT transitional relief for capital distributions from discretionary

Stock relief trusts and to defer for two years

"The Development Land be given in Inland Revenue Tax, however, is a very dif- Notices which I am making forent matter and calta for available in the Vole Office. immediate action. This tax has "I now come to dividend combined with the Community control charge in the rate of vehicle construction industries. We fur investment and expansion, need. excise duty. Our predecessors have aircady said that we will The control of dividends has "We have over the years announced their intention of repeal the Community Land now outlived its purpose. The spent too much time and effort abolishing the duty on petrol Act.

the future of this duty and we which the previous Government pioned the cause of smaller successful

"The issues involved it both sultations which the Intand of these taxes are difficult and Revenue bave bad with industry, complex. I have, therefore, I am proposing lwo further decided that we should not changes in the stock relief attempt to deal with them in scheme. I intend to reduce the the compared bits and bits and be and be attempt to reduce the profit restriction for un-incorporated husinesses from

IS per cent to 10 per cent: and all businesses will be given greater flexibility in the amount of relief they can claim. Both these aburgen will be Success is more important these changes will be of particular benefit to small

"They will still in general

scheme changes

businesses.

people in corresponding positions in other industrialised countries. We have to compete with such countries, not only in the sale of goods and services, but io attracting and relaining the talent required to run our industry efficiently Land Act to prevent much flourish it needs not only and profilably and hereby pro-worthwhile development and to adequate profits but a vigorous vide employment opportunities increase unemployment in the capital market to provide funds that our people so desperately

abolishing the duty on petrol Act. abolishing the duty on petrol Act. "I propose now to deal with to an end when the existing is no good to anybody. It is "As my Rt. Hon. Friend, the the Development Land Tax. In legislation expires on July 31. much more important to have Minister of Transport. has place of the present rales of "We on this side of the a successful and prosperous already said, we are reviewing 66; per cent and 80 per cent. House have consistently cham-society. And we cannot have a and prosperous

cent. "The new top rate will still This approach combines a coo-be reached at an income level siderable simplication of the tax which is lower and in some with a measure of justice that instances significantly lower than is long overdue.

which is common elsewhere. This is a matter to which we may need to return on a future occasion. Third, I propose to impre-ment immediately our election pledge to war widows. Provision will be made in the Finance will be made in the Finance Bill to exempt their pensions entirely from tax.

19

"I come finally to the basic rate. For the great majority of taxpayers—some 21m in all— it is the basic rate which deterpropose are substantial, they are no more than the circumstances their tax liability. It is the basic rate (plus, of course, the National Insurance Contributions) which represent the leave people in the top income deterrent effect of tax on groups more highly taxed than additional earnings-whether those extra carnings come from overtime, nr greater produc-tivity, or reflect greater skill or the rewards of promotion.

"Everywhere one meets complaint and criticism that income tax crodes differentials, reduces the rewards of skilled workers and discourages effort, initiative and responsibility. This year I propose taking a first and significant step to ileal with these complaints by reducing the rate from 33 per cent to 30 per cent. Our long-term aim should surely be to reduce the basic rate of income tax to nn mure than 25 per cent.

"The total cost of these inome tax reductions, including the cost of increases in personal allowances proposed in April but nm implemented at the time, will be £4.54bn in a foll year. The lion's share, no less than £3.46hn or over threequarters of the total, represents the cost of increasing the personal allowances and reducing the basic rate. The cost this year of all the meome tax changes will be £3.5bp.

" As a result of the increase in the tax thresholds 1.3m pcople who would otherwise have paid lax this year will not be required to do so. The number of people paying tax al the higher rates would have been 1.2m; this will be virtually halved, to 650,000.

Administration simplified

"The number liable tu the investment income surcharge will be reduced to about a third of what it would would have been—from\$50,000 to 300,000. All these changes will shaplify administration and reduce the work load on the Inland Revenue.

"The changes in allowances will be implemented for most

Scope for more tax reduction

" Allowing for the wide range pose is equivalent to S per cent.

ln age Community.

significantly less than the averthe European

istified simply by the help in a full year. Thus it will proicy give to the sbort-term vide scope for further direct iduction of the PSBR. They tax reductions in laler years. duction of the PSBR. They tax reductions in laler years. e an essential part of our The relatively small size of the ng-term programme for yield this year reflects the loss ownoting the widest possible of over two months' revenue ricipation by the people in belwcen April and the present. e ownership of British and the time lag allowed to traders before they pay over

objective - wider VAT receipts to the authorities in time, as our economy lm- shall announce our conclusions intended should rise to 100 per businesses. So I also propose sociely without successful and ablic ownership in the true — an average of over three canne of the term-has months. "I have referred to the helplowards improving vides all adopl. liquidity. For as these funds "So far as this year's disposals build up in traders' hands, they re concerned, we must provide a substantial boosl to hviously retain flexibility on the liquidity of the firms and ming aud on the precise mix companies concerned. I assets in order to ensure a "Concern has been expressed that an increase in VAT could lead to some particular difficulties, for example in relation totelephone bills for calls made before the dale of change. 1 am proposing transitional provisions to deal with this and some of the other problems in this The increase in VAT will, of ome from the sale of a further course, add significantly to the art of the Government's share point of sale prices of drink olding in British Pelroleum, and tohacco. For example, the Social security where we shall be following the VAT increase will mean about sample set by the last an extra 28p on a bottle of Administration. whisky, approximately 2p on a 'In total I estimate that the pint of beer and 6p un a typical packet of 20 cigarettes. "In these circumstances, 1 do 34hn at 1979 survey prices and not think it would be justifiable '4bn at current prices. Yet given to make a separate increase in And we shall, of course, honour he scale of the problem we have the excise duty on drink and urther contribution from in- "I fully realise that this "These measures overall are lirect taxes to finance the first increase in Value-Added Tax worth about £1.100m in 1979-80 reduction of income-lax. "Befure turning to the first of a rise of about 31 per They are largely covered by the cent in the Retail Price Index. existing social security pro-af my tax proposals, I must make it clear that today's Budget will unly he able to deal with a small part of the

cconomic inture," - that was Mr. James Callaghan's verdict yesterday on the Tory Government's firs] Budgel. Well, compared with recent

times.

performances, it was certainly adventurous. Sir Geoffrey Howe, who had averaged over the whole of con-sumer expenditure. This is consistently failed to impress

the Labour benches, made an undoubted impact this time. The Chancellor's assessment of the form of the Brilisb

"The yield from the increase to 15 per cen] is estimated at £2.035bn ln 1979-80 and £4.175bn cconumy coincided largely with the dismal views of his predecessors over the past 25 ycars. "Our tronbles are of our own making," he said - plus, of course, a few more added the Labour Government and the EEC. "It is time for a new

dcclared. And amid Labour howls, he promptly announced tighter monetary disciplines with a 2 per cent increase in Minimum Lending Rate. With that sort of start, even some Tories appeared doubtful about slaying the course.

Sir Geoffrey

Mr. Eric Heffer's palience was quickly pushed to its limit. "You are mad, mad.". he protested as Sir Geoffrey. confirming that there would he no immediale economic movement at home, began to dismantle controls on Investment overseas.

The Chancellor, however, was mercly getting into his stride. It was the growth of public

spending that was holding back the economy, he

asserted. And the Tory cheers rose and rose again as he slashed is way through the industry, employment and bousing subsidies and gave notice that he was going to clear away substantial public

assets. With some £4bn's worth of economies set aside. Sig Geoffrey paused briefly to announce that even this did not give him enough scope for his "hudget of opportunity." If worthwhile incentives

were to be provided for the work forces, then the weight of the tax hurden would have to be switched to VAT, he saïd Allowing himself some

room for more incentives next year, be raised the tax to 15 per cent.

clent extra money into prople's pockets to pay the increased Value Added Tax. The phrase would echo down the pantheons of time,

memorable

Tory newcomers

cheereil with noticeably more enthusiasm than the velerans,

"This is not the Conservative Budget promised to raise production and real prosperhy." Mr. Callaghan declared. " It has nothing to do with that in any way. It is unfair in its distribution of relicfs, unjust in the additional burdens it imposes and inflationary in its effects on costs and

prices.

Mr. Callaghan declared, But not much cise would he had

the Labour leader remarked. They had seen it all before in 1970,

for the basic rate of tax.

paid by people over 65.

palliatives

No more than

person.

Act.

Inflation would reach 16 per cent before the end of the ycar-and this was bound to hare its effect on the next pay

Red ties shook with rage on the Labour henches.

Adventurous Chancellor makes an impact

Sir Geoffrey, unabashed, pointed out that at least be would not have to raise the duty on alcohol and tohaceo as well. The increase from

VAT would be quite enough. The price of petrol would have to go up-but not the vehicle excise daty, be added Taking a sip of his gin and tonic, Sir Geoffrey then plunged, to Tory cheers, into

his package of Incentives. Income tax cuts all round. The . top rate reduced to 60 per cent and the basic rate

to 30 per cent. Enough, as SIr Geoffrey said, to put suffi-

f assels in order to ensure a un price. I do not illercfore ropose to announce the details

"But I intend to ensure that he proceeds of sales in the urrent financial year will mount in some fibn and I have aken account of this in the of the ludget arithmetic. The biggest field. ontributinn lo this total will

contonics I have announced vill amount this year to about nherited, I must look for a tobaccu this year.

Government's Jax agenda. Coming, as we do, to a Finance Bill at this late stage in the year, there is a physical limit to the annunt of legislation that can be proposed and enacted.

We have been unable to deal with many important malters. There will be other upportunities in consider those. At this stage, we have concen-trated un tax changes of strategic importance. I now turn to the first of these.

Worthwhile to work

"We made it clear in our manifesto that we intended to switch some of the tax borden from taxes on earnings to taxes on spending. This is the only way that we can restore incentives and make it more worthwhile in work; and at the same tine increase the freedom nf choice nf the individual. We

must make a start nnw. "I have reviewed the whole field uf indirect taxalion to decide where the increased revenue curld best come from. There are many cogent argu-ments at this slage in favour Higher old of Value-Added Tax. First large areas of con-

sumer expenditure, in fact about half the total, arc not chargeable in VAT. Fnod, cided lo increase the standard children's clothes, heating and rate of retirement pensions in tight, public transport, house November by £6.10 to £37.30 for prices and rents are all zero a married couple and by £3.80

11

reason why my other proposals tax. loday are so important. For they are inlended lu strengthen the productive capacity of the

by £I per week only two months ago, and we do not propose a further increase this year. But of lax which is currently runsingle parent families face particular problems, and we pro-pose that the one parent premium should go up from £2 to £2.50 next November.

complications

"We also want to help the disabled. Mobility allowance will accordingly be increased from £10 to £12 in the antumy And we shall of course bungur our commitment to pay a Christmas bonus this year of fIU.

reductions in public

to higher inflation and unemployment. It is important for that to be fully understood by all those involved in wage negotiation."

stantial

effect. But there never will be been obarged to the Continga time when it is easy to effect ency Reserve. the switch from direct to "As the House knows, my indirect taxes and the present general policy is to make submoment is nn exceptinn. This mucb-needed reform has been pustponed too long already.

The Honse should bear in mind that, as I have already indicated, VAT dnes not fall on a wide range of necessities. This means that the increase

will fall less beavily an people In the lower income groups. And, as will be apparent when I come tu my income tax pro-posals, I shall be leaving people with more money in their pockets with which to pay the increased VAT.

"I appreciate, however, that those who are not liable to Income tax, and I have in mind particularly many of those living on retirement pensions, will not benefit directly from my income tax proposals. This brings me to or propsals in the field of social security.

age pensions "The Government have de-

November by £6.10 to £37.30 for us. November by £6.10 to £37.30 for us.

proves, it will be possible to do in due course. For beavier goods cent. I propose that Develop- to raise this year the qualify- prosecrous individuals. more and ensure that pensioners vehicles, my Rt. Hon. Friend ment Land Tax will in future ing profit ilmits for the small "But it is not only ful contribution this gap pro- shore in the increase in national will be announcing plans for prosperity. That is one more restructuring the form of this 60 per cent.

issue I need to deal with. There "We also propose to improve certain other social security which enables leased cars to benefits. Child benefit went up avoid the special rules activity

ing allowances for husiness cars. This has resulted in a loss ning at about £175m a year; and which could well rise to £200m next year if I take no action. I propose to put this right with effect from today.

f turn next to petroleum revenue tax. The previous Government announced last that it will not need early August that they proposed to revision. increase this tax from January

which we have carcfully considered.

"I have judged them now against the hackground of recent rises in the price of oil. On that basis, the original pack-age of PRT proposals for giving the Government more revenue from the North Sea is now fully justified.

"There will accordingly be provisions in the Finance Bill to implement it. I also propose, however, to introduce some changes in the PRT expendi-ture rules for which the industry have been pressing for some time. And the British National Oil Corporation will no longer

be exempted from PRT. These proposals will increase the Government's revenue from the North Sea (at 1978 prices)

expenditure. Bot the reduc-tions in public expenditure must not be done in a way by about £110m this year, and by about £1,800m over the by about £1,800m over the period to 1985. which bear unfairly nn the more

vulnerable members of society. Our social security system 'Capricious' has become far too complicated and it sometimes acts to reduce the incentive to work. The

capital tax

problem is widely recognised on both sides of this House. We are therefore studying a Before I deal with the taxalion of business profils, I propose to refer to the taxation number of aspects of the social security system of capital, a matter of vital interest to bosiness as well as security system to see what can be done to simplify it. My Rt. Hon. Friend, the Secretary

"We made it treat in our "The Government will distance manifesto that we were deter-mined to make the taxation of fore be reviewing this matter along with the accountancy pro-latest proposals for of State, is also putting in hand urgent measures to tighten up on ahuse and fraud. "I dealt earlier with the excise dunes on tobacco and drink. The oil duties, however. Gains Tax in its present form raise wider issues. I have already mentioned the general is that most of the yield comes from paper gains arising from case for measures which will inflation.

help us to meet the growing and undoubted need to conserve oil. capricious and sometimes savage levy on the capital "At a time when there is a savage levy on the capital with the question of stock relief. Will be no ingoet in team teams pensions to fall park on the capital transfer Tax. The Finance Bill will include than it was in 1973. Between "The undoe severity of the cover those price effects by despite the improvements legislation to honour the under f10,000 and £25,000 I propose a tax was recognised by the pre- bigher pay claims will be secured in the last Parliament taking which my predecessor new scale of rates less steeply vious Government. But they in- utterly self-defeating. The progressive than the old scale. "The top cover than money will simply not be there sive, harmful to business, and deferred tax liabilities arising on carned income I now propose a last of the fullef siver for the fullef size at the fullef size fullef size for size to the fullef size for the fu worldwide shortage of crude oil it is essential that we should play our full part in achieving the 5 per cent reduction in consumption to which the previous Government rightly committed sive, harmful to business, and a real deterrent to initiative

and enterprise.

The amount of development at the lower end and of £100.000 "Before I leave the subject of value which can be realised in at the upper end. This will go motor cars, there is a particular a financial year without llability some way further than is necesto Development Land Tax will sary to maintain their real raised from £10,000 to value. £50,000. Both these changes take effect for disposals made " In the tax field, however, there is one measure that will on or after today. do more than anything else to

Taxation

of profits "I do not propose to make

any further reductions in rate; heavy responsibility for the and the generous increase in lack-lustre performance of the the exempt slice should mean British economy. We need, therefore, to cut income tax at all levels. " Dwners of development land "Fnr the reasons I have

will, therefore, have no reason already explained. I cannot do for holding back in the hope of further tax reductions. What I have said today should remove the major uncertaintics which have been hanging over the arket. "I now turn to the taxation Budget marks a turning point. market.

of profits. A vigorous profitable and expanding company sector is essential if we are to rebuild this country's prosperity. Profit-ability has dropped sharply in recent years and the rate of return on capital employed is

"Without higher profits we shall not see the new investment to senior executives and middle and jobs which are so urgently managers in industry and inneeded. Achieving those profils creasingly to skilled workers: as is very largely the task of well as to professional people management and workpeople. and the proprietors of small The Government can help or hinder them, and this is no time

to add to the difficulties that they face by raising taxea on probts still further. "Against that background I pro-

it be right to make any major cent on investment income is an changes in the system of com- even worse. Such rates being any pany laxation without more than the system of comoany taxation without careinl consoliation in advance. But they kill incentive and

Looking further ahead, how- are patently oojust. Some ever, it is important that the tax members of the previous Government recognised this. But they did nothing about it. I now propose an overdue measure of "The tup rate on earned

income will be cut from the

resent 83 per cent to 60 per cent. This new top rate will apply to taxable income over £25,000. "At the other end of the

"This is moreover a tax which falls with particular aeverity on those who have had to make provision for their rehigher rate scale, the present threshold of £8,000 is too low. I propose raising it to £10,000. Even at this figure the atarting tirement out of their savings point for taxation at blgher rates and have no occupa will be no higher in real terms pensions to fall bark on

real deterrent to initiative from slock relief given for the fulfils our commitment to reduce slice of income liable to the nd enterprise. In two years of the scheme— the top rate to the European surcharge and a slightly higher "It is perfectly natural that 1973-74 and 1974-75; and thereprices and rents are all zero a married couple and by 10.00 in therefore propose to in- and enterprise. prices and rents are all zero a married couple and by 10.00 in therefore propose to in- and enterprise. in 223.30 for a single person, crease all the main oil duties "It is perfectly natural that 1973-74 and 1974-75; and there-rated. Second, phorer huiseholds These increases take full this year. In the particular people should want to build up after to write off these liabilities rate in France is 60 per cent. In "I propose instead to raise firms—on whon Second, proportionately account of the underestimate case of petrol, the VAT increase capital of their own and pass in respect of each subsequent Germany, it is 56 per cent. In the the threshold to £5,000 for out of business.

"But it is not only al the taxpayers on the first pay day be charged at a single rate of companies rate of corporation lop of the income range that after July 12. The reduction in 60 per cent. tax-to lbe figures of £69,000 the burden of income tax is the rates of tax will be given particularly oppressive. The effect as soon 25 new lax tables same is true for those on the are ready in October. lowest taxable incomes, where "A full year's income tax the tax system can help in reductions till be received even lowest taxable incomes, where

ensure that some people are though a udget is being pre-actually better off out of work, sented the months or more "That is the importance of after the start of the year.

the lax thresholds, to which I " (in this basis the income tax turn next. The increases pro- changes mean that for the posed in the April Finance married cnuple where the hus-

"OUR PRESENT regime is more restrictive than that of any other major industrialised country. There is an overwhelming case . . . for giving both companies and individuals wider freedom of choice.".

Act, which were not of course band earns £100 a week, which implemented, were plainly is close to average earnings, inadequate. I propose to double there will be an increase in take-these increases. This means home pay averaged over the that the amount a single person remainder of the financial year can earn tax-free will go up, of over £4 a week. oot by £90, but hy £180.

"The increases in VAT and "The married allowance will petrol duty will increase average go up, not by £140, but by £280. family expenditure by about A single person's tax-free earn- $\pounds 2.75$. So that, taking both the ings will thus go up by nearly into account, the average family $\pounds 3.50$ a week. The amount that direct and indirect tax changes a married man can earn tax-free will go up by £5.38 a week. And will be about £1.30 per week better off. these increases in personal

"Similarly, where the husband allowances are quite apart from the change that I have in mind earns £60 per week there will be a real gain of over 55p a week, while the position of the couple I have in fact three other on £150 per weck will improve changes to propose hefore I by nearly £2 a week.

come to that. First, to help the "These reductions in the burden of income tax, which are elderly, the age allowance will be raised by £240 for the single as substantial as they are unperson and £380 for the married precedented, mean that wage and salary earners will have "These again are double the more money in their pockets to figures proposed in the April Finance Act. Lass year, the income limit for the full age allowance was £4,000. This year buy the goods and services they belp to produce.

"True, the prices of a gond many of these goods and ser-vices will be increased by my f propose raising it 10 £\$,000. more than twice the increase tax proposals. But we have done proposed in the April Finance everything we can to ensure that every family in the land will have more money coming in to Second, 1 propose raising the threshold for the investment income surcharge. The justipay the increased bills. what is more, the choice of the fication for retaining the sur-charge is itself debatable. way they spend their income will rest increasingly with Certainly there can be no argument but that it biles at far people, and not with Governowot. loo low a level of income. Almost half the surcharge is

"These changes represent only the first stage in the major reduction in the borden of direct laxatinn that we are determined to make.

1 emphasise this point particularly for those who will be involved in pay bargaining in the year ahead.

" Take-home pay will be sub-stantially increased by these unprecedented cuts in income tax. This will more than make good the price effects of higher spending taxes,

occupational Any further attempts to

" Any attempt to have it bolh ways will simply end up by threatening jobs and putting "I propose instead to raise firms-on whom jobs depend-

system should take account of the effects of inflation on businesses, and do so in a way interest to bosiness as well as that is reasonably objective, reform, to individuals. "We made it clear in our administer. manifesto that we were deter-mined to make the taxation of form by formation will there-manifesto that we make the taxation of form by formation will there.

current cost accounting. I am arranging for the Inland Revenue to consult the account-

ancy profession and business "The tax is, therefore, a later in the year. pricious and sometimes "I need however to deal now

with the question of stock relief.

Budget marks a turning point

encourage smaller businesses-

indeed businesses of every size.

That is a major reduction in the

"That brings me to the key-

stone of our policy. Excessive

rates of income tax bear a

as much this year as I should

have liked, and I cannot do as

nuch as is needed. But, although it is only a first instal-

ment, there should be no doubt

burden of income-lax.

return on capital employed is now far too low. This is espec-ially true of manufacturing rates of tax. The upper rates industry. "Without higher profits we very high incomes. They apply

businesses. These are the people upan whom so many of aur hopes for initiative, greater eoterprise and national prosperity must depend.

It is universally recognised pose no change this year to the that the present top rate of S3

THE BUDGET

Central government

1978-79

Outturn

43.088

-8.381

-8,381

6.458

--6,674

+ 554

-8.043

Budget

51.378

6.409

-7,640

-7.937

Controls will not

£ million

After

Budget

chances

51.013

-10,119

-9.5649

nd receipts in 1978-79 the not effect on the centra

1979-S0 Forecast

Before

Budget

change

52,168

-8,928

-10,413

8.150

-10.902

transactions

Consolidated Fund

Deficit

Revenne (Table 9) Expenditu

National Loans Fund Consolidated Fund

Other transactions:

Paymts (Table

Total net borrowing by the Nat. Loans Fund

Borrowing Requirement

DIVIDENDS

Central Government

t This figure does no (see Teblas 5 and 6).

Receipts (Table 11)

Other funds 80d accounts (net) (Table 15) ... +1,935

As a result of Civil Service industrial act. may each have been reduced by about £150 poverment borrowing requirement being ne

be renewed

(Table 10)

deficit (as above) -8.632

11



Mrs. Margaret Thalcher, the Prime Minister, with Mr. William Whitelaw. Home Secretary (centre) and Lord Carrington, Foreign Secretary, yesterday.

Inflation will eat up tax cuts, Callaghan says

OPPOSITION leader Mr. James which he forecast would he Callaghan accused the Tories of higher by the end of the year. producing a repeat 1970 Budget He wondered what the Governand forecast that the Howe ment pay guidelines would be tax ruls would be eaten up by when the new round of pay talks inflation within slx months. start in a few weeks.

"The whole programme today is unfolding as it was unfolding in 1970, ..., all of the things you preach—that trade union that the Chancellor today has renferences and trade union told us were put forward in 1970.

"This is rather like a rerun of an old film and we all know how the old film ended," said Mr. Cailaghan, to noisy reaction

colossal gamble.

To laughter, Mr. Callaghan would sooner fail on that than described the situation as "a ing. gamble almost equivalent to the man who rous the gas meter in order to put money on a horse ite is not sure is going to run and he has seen fail on previous outings.

Geoffrey about the Retail Price next months." Index increase of 16 per cent The Chancellor's comment

MANPOWER

ronferences and trade union negotiators will be able to go into the next round with no

guidance and claim on behalf of their members anything less tban the increase in the Retail Price Index?"

from MPs. And he told the Chancellor failed, he admitted, on trying that he was embarking on a to keep the index down to 5 per cent by the end of 1980-but be

ing. ____Mr. Callagban said that if the Government was relying on tax cuts to ease wage claims, "then they have learnt nothing from nd he has seen fail on previous our experience," he declared. utings." "Tbesc tax cuts are going to Mr. Callaghan challenged Sir be eaten up by inflation in the

that the Government was putting more money in people's pockets to pay for VAT was an immortal phrase that would ring down the pantheons' of time, he told MPs.

Mr. Callaghan said he was astounded that the Chancellor believed that "lis litany" believed that "his litany" preached about the need for productivity by increased British Industry would be any more effective than the message preached by all the chancellors wbo had gone before him.

If the Government believed the lack-lustre performance of Britisb industry could be overcome with a 3p reduction in income tax "then they are living in a world of wonderland."

The Government bad not provided the Conservative Budget promised on April 24. Instead, the Budget was unfair in its distribution of tax relief and new tax burdens. It was infla-tionary and "a reckless gamble" with Britaln's econoreckless mic future.

fullest possible use is made of

Two key national objectives

that no young person who leaves

TRAINING SERVICES

THE GOVERNMENT does not the existing legislation as intend to renew dividend interim dividend before July 31, controls when the present 1979, if they are considering a legislation expires on July 31, said the Chancelior. He announced bis intention to pro-vide in the Finance Bill for a reduction in the rate of Advance and legislation the second secon reduction in the rate of Advance any level they choose to be Corporation Tax (ACT) from 33-67ths to 30-70ths with retro-spective effect from April 6. declared and paid after the date of expiry of the controls. As a result of the ACT The purpose of this release is to give guidance to companies on change, companies which have declared a final (or second interim) net dividend which

above dividends.

which they are entitled under

CAPITAL TRANSFERS

Transitional relief to be extended

THE PROPOSALS on capital (broadly, discretionary trusts). For discretionary trusts, CTT is charged on capital distribu-

tions from the trust (or the (i) The transitional relief creation of an interest in

What the changes mean

Single person-income all earned

	Charge for 1978/79		Proposed charge	Reduction i	
come	Income tax	Percentage Of total income taken in tax	Income tax	Reduction in total income taken in tax	tax after proposed changes.
£	£	per cent	£	par cent	£
,500	129	8.6	84	5.6	45
,000	275	13.8	_ 213	10.7	62
500	440	17.6	363	14.5	· · 77
,000	605	20.2	513	17.1	· 92
500	770	22.0	663	18.9	107
,000	935	23.4	813	20.3	122
,500	1,100	24.4	.963	21.4	137
000	1,265	25.3	1,113	72.3	152
.CCO	1,595	26.6	1,413	23.6	182
.000	1,925	27.5	1,713	24.5	212
,000	2,255	28.2	2,013	25.2	242
.000	2,586	28.7	2,313	25.7	273
.COO	2,987	29.9	2,613	26.1	374
,000	5,664	37.8	4,588	30,6	1,076
,080	9,091	45.5	7.030	35.2	2,061
,000	12,843	51.4	9,722	38.9	3,121
1000			10 (()	43.3	

Married couples—income all earned

	Charge	for 1 978/79	Proposed charge for 1979/80					
ncome	Inocrne tax	Percentage of total income taken in tax	Income tax	Reduction in total income taken in tax	Reduction in tax after proposed changes			
- t	. t	per cent	<u> </u>	per cent	<u>1</u>			
2,000	116	5.8	_46	2.3	70			
2,500	259	10.3	171 .	6.9	87			
3,000	423	14.1	• 318	10.6	105			
3,500	588	- 16.8	468	13.4	120			
4,000	753	18.6	618	15.5	135			
4,500	918	20.4	768	17.1	150			
5,000	1,083	21.7	918	18.4	165			
6,000	1,413	23.6	1,218	20.3	195			
7,000	1,743	24.9	7,518	21.7	.225			
a,000	2,073	25.9	1,818	22.7	255			
9.000	2.403	26.7	2,118	23.5	285			
0.000	2,766	27.7	2,418	24.2	348			
5,000	5,334	35.6	4,296	28.6	1.038			
20,060	8,680	43.4	6,705	33.5	1,975			
25,000	12,428	49.7	9,364	37.5	3,064			
0,000	16,535	55.1	12,273	40.9	4,262			

Married couple with two children not over 11

Weckly	(aft	t weekly i	UED COUPLE ncome in 1978/ ber 1978 incres fit) (See Note	79 Ise	CHILDREN				
earnings									in net
			National				National		income
	Child	tax	insurance	Net income	Child benefit	Income tax	insurance	Net	
£	£	£	£	£	£	· £	£	£	£
35.00	6.00	0,41	2.27	38.32	8.00 -	0.02	2.27	40.71	2.39
40.00	6.00	1.65	2.60	41.74	8.00	1.27	2.60	44,13	2.39
50.00	6,00	4.33	3.25	48.42	8.00	3.81	3,25	50.94	2.52
60.00	6.00	7.63	3.90	54.47	8.00	6.81	3.90	. 57.29	2.82
70.00	6.00	10.93	4.55	60.52	8.00	9.81	4.55	63.64	3.12
80.00	6.00	14.23	5,20	66.57	8.00	12.81	5,20	69.99	3.42
90.00	6.00	17.53	5.85	72.62	8.00	15.81	5.85	76,34	3,72
100.00	6.00	20.83	6,50	78.67	8.00	78.81	6.50	82.69	4.02
120.00	6.00	27.43	7.80	90.77	8.00	24.81	7.80	.95.39	4.62
150.00	6.00	37.33		110.87	8.00	33.81	8.77	115.4Z	4.55
200.00	6.00	54,73	7.80	143.47	8.00	48,81	8,77	150.42	6.95

NOTES NET INCOME is earnings, less tax and national insurance contributions, plus child benefit. It does not include

any means-tested benefit. NATIONAL INSURANCE CONTRIBUTIONS are for a person not contracted out of the new per CHILD BENEFIT was increased from £2.30 to £3.00 z week for each child in November 1978,

Savings in work schemes

ťn

achieved.

how dividend control is affected in the meantime. • Until July 31, 1979, the controls will be administered as before, and companies may not until that date. without prior consent of the Treasury in writing, declare nr pay ordinary dividends more than 10 per cent

the previous year's The law permits them to pay the whole of the dividend to

at 33-67ths may now declare a further net dividend bringing that entitlement up to the maximum permissible under ACT at 30-70ths. If this further dividend is to

be declared and paid before July 31, 1979, no Treasury consent is required provided it is

exhausted their maximum per-missible entitlement under ACT

clearly expressed as being related to the past complete

transfer tax and discretionary The Proposals

from Capital Traosfer Tax for possession); and there is to be marginally towards less expensive opportunities, trusts will be extended, at the due to begin on April 1, 1980) There will be also a slight current percentage of 20 per every 10 years at 30 per cent cent of the full rates, for a of the full rates on property further two years, ie to March remaining in the trust reduction in the length of time for which young people remaio There is a transitional period. in the programme. These changes, coupled with a current 31. 1982. (ii) The starting date for the at present ending on March 31. ransfer Tax will be deferred etc., to UK-domiciled individuals from April 1, 1980 to April 1, out of discretionary trusts set up before before the introduclevel of occupancy which is below that forecast, will enable the required savings to be

20

Changes in special empiri of the Department of Employ- during the year. tuent and that savings of more ment and that savings of more There will be no change to than \$170m would be made this the Job Release Scheme, which year on these programmes.

tinue. Support under some of them will in future be concen- The impact of this scheme will trated on the areas where un- increase substantially during employment is highest and the the year. need for special assistance grealest.

The changes to me are: culphyment measures are: Tranperary short lime working special employment needs. The programme of measures The programme of measures to are a second piovers whose applications are for 1979-80 will continue to received hetween July 1, 1979, make an increasing impact on and March 31, 1980, will qualify unemployment up to March, for compensation for a maxi-1980. The programme is remum of six months instead of viewed annually and later in the the present maximum of 12 year there will be a review of months. The objective of this all the measures to determine scheme, introduced un April L. the programme for 1980-St. ts the creating employers to adapt theri-time working in-steal of making people redun-dam. Employers are then reim-hursed 75 per cent of normal affected are as follows: waves paid to those staff on short-time working plus the total of National Insurance coatributions for the work-less GAYS.

Small Firms Employment Sub-sldy (SFES): From July 1, 1979, to March 31, 1980, the subsidy will be available only in small inanufacturing firms in the Special Development Areas and Development Areas.

The scheme will close on June 30 for applications from small manufacturing hrms in other parts of Great Britain and small non-manufacturing firms in Special Development Arcas, Development Areas and Inner

City Parinership Arcas. Restructuring subsidy: The sub-sidy proposed by the last Administration will not be introduced.

Special Temporary Emuloyment Programme (STEP): This pro-gramme for the long-term unemployed will in future be concentrated on Special Development Areas. Development Areas and Inner City Areas. No further applications fer projects nutside these areas will be approved by the MSC. Youth Opportunities Programme (YOP): There will be a reduc-tion in expenditure on this programmic but the Manpower Services Commission will conlinue the uodertakings to ensure that every unemployed young person who left school in the school year 1975-79 who re-

to all young peop TOVISION ment measures were detailed been unemployed for 12 months by the Department of Employ- or more, ment. It recalled that the Chan- Community industry. There

cellor had announced that the will he a small reduction of Secretary of State for Employ-ment had reviewed the pro-but this will still allow the pro-grammes of the Manpower gramme to expand from the Services Commission and the current figure of 5,200 filled special employment programme places to 6,000 filled places of the Department of Employ

was expanded on May 1 and now less expensive forms of provi-slon. Progress will be closely monitured and the position will The statement said: MI of the existing special disabled men at 60 provided cappinyment measures will con-they are replaced by someone nn the unemployment register. be reviewed in the autumn. will remain. First: tn ensure

The changes to the individual measures have been made in The changes to the special such a way that assistance will

school during the current academic year should remain unemployed at Easter, 1980, without the offer of a suitable a suitable place in the programme to every young person who has become unemployed for over 12 months. Community industry: A reduction of £1m will still allow the programme to expand from the current figure of 5,200 filled places to nearly 6,000 places in the current year, though this is a reduction of about 1,000 on made. Reductions in spending by the original proposals.

SPECIAL PROGRAMMES Training Opportunities (TOPS):

Special Temporary Employment Programme (STEP): The pro-Planned expenditure on the scheme will be reduced by £22.3m this year. This will affect gramme will be reduced by £42.2m. The original programme a wide range of training opporwas to have between 30,000 and tunities during the second part of 1979-80, particularly courses in commercial and clerical sub-35,000 filled places by March 31, 1980, over Britain as a whole. The revised programme will aim jects. Training for technicians to maintain a level of 12,000 to and main computer-related occupations will remain largely 14.000 places, concentrated in the areas of greatest need. The unaffected, as will training for programme will be restricted to the main craft occupations in Special Development Areas, Development Areas and desig-Skillcentres. There will be no reduction in disabled people's nate Inner City Areas (includtraioing. ing Partnership Authorities, Programme Authorities and Additional Designated Dis-tricts). In addition the criteria Direct Services th Industry: Charges for these services, which heln firms to train their own employees, are to be extended to include assisted for entry tu schemes will be tightened to ensure that a areas, where at oreseot they are higher proportion of entrants are drawn from the long-term provided free. This should save fim during the remainder of

unemployed. From today no further applications can be approved in non-designated areas even if they have already been submitted to the MSC. Youth Opportunities Programme

over running costs and grants (YOP): The programme will be reduced by £25.2m. The original expenditure. target was to have between 100,000 and 120,000 filled places EMPLOYMENT SERVICE ing to £3.6m will be achieved at the peak of the year enabling by deferring some planned between 210,000 and 230,000 gramme in the year ending March 31, 1980.

March 31, 1000. The aim will be to remain expenditure planned during the within the ranges of the above current year on the extension within there will be a of the "Capital" computer mains unemployed at Easter, targets, although three will be a of the "Capital" computer 1980, will have been offered a small reduction in the number matching scheme—operating in suitable opportunity in the pro-cramme, and by March 31, 1980, the programme at its peak parts of the GLC area, to offer a suitable opportunity Savings will be made by shifting the GLC area.

Each area will now carry out Background review to ensure that the

tion of CTT are taxed at a legislation percentage of the full rates; the The CTT legislation percentage of the full rates; the distinguishes between trusts in percentage has increased which a beneficiary has annually on a sliding scale and "interest in possession" (eg a the current percentage for the life interest) and trusts in which year ending March 31, 1980 is there is no such interest 20 per cent.

Provision to implement convention with U.S.

place in the programme. Second: by March, 1980, to offer THE CHANCELLOR announced is more favourable. The reliefs yesterday that a provision would from UK tax under the existing

yesterday that a provision would from UK tax under the existing be introduced in the Finance convention would therefore Bill specially to authorise those cease from April 6, 1976, at arrangements in the proposed the latest. new convention which withdrew Section 497 of the Taxes Act, reliefs from UK tax given under 1970, provides the authority for the existing arrangements to double taxation relief arrange-have retrospective effect should ments declared by an Order in the Order in Council, ground to have effect for UK the Order in Council giving Council to have effect for UK effect to this convention be tax purposes. However, Section

does not unambiguously The proposed new convention authorise that withdrawal of contains provisions which with relicfs may take effect for drew some reliefs provided in periods before the making of the existing convention which the Order. The Finance Bill henefit residents of the U.S. as provision is designed to provide defined under the convention. this authority specifically for the Article 28 (entry into force) of arrangements in the convention. the new convention provides in general for the new arrange-ments to take effect for UK tax purposes from April 1975 with available publicly form January purposes from April, 1975, with available publicly from January a transitional period to April, 6, 1976, following the signing 1976, for relief under the exist-ing convention to apply if that 31, 1975.

other recipieots of death bene-

fits under thase schemes. The

exemption already provided for

in respect of their children by Section 36ā(3), Income and Cor-

poration Taxes Act 1970, remains in force.

هلذامند لأحل

3. The exemption will also

Incom

1979/8

1.500

2,000 2,500 3,000 3,500 4,000 4,500 5,000 6,000 7,000 8,000 9,000 10,000 15,000

20,000

25,000

30,000

WAR WIDOWS

Exemption for Service and civilian payments

1. THE Chancellor announced chant seamen in both World in his Budget statement that a Wars and to members of the provision would be included in Polish Forces under British the Finance Bill exempting war command in the Second World widows' pensions from income War. The main benefits in tax with effect from April 6 question are the war widow's 1979. This will replace the peosion, the war widow's age existing provision in Section 31 allowance and tha special tem-Finance Act 1976, under which porary allowance awarded to 50 per cent of the main terms of the most correctly dis-50 per cent of the pension is widows of the most severely disabled war servicemen; but exempt. exemption will also extend to

2. The two main schemes under which war widows' pensions are paid are the Naval, Military and Air Forces etc. (Disablement and Death) Ser-vice Pensions Order 1978 and the Personal Injuries (Civi-lians) Scheme 1976. The exemp-tion will apply to all benefits in tion will apply to all heoefits in respect of death payable under these schemes, and also under apply to pensions nr allowances certain other smaller schemes, of a comparable nature payable such as those applying to mer- by other countries.

Elderly married couples (either husband or wife aged 65 or over) Charge for 1978/79 Proposed charge for 1979/80

Percentage of Reduction in Percentage of total income total income tax after income tax taken in tax Income proposed £ Income all earned Income tax taken in tax £ fn : per cent 2,500 3,000 3,500 4,000 4,500 5,000 5,500 6,000 7,000 8,000 9,000 4.3 106 245 136 4.5 276 426 576 726 976 410 575 850 1,083 1,248 1,413 1,743 2,073 2,403 2,766 11.7 14.4 18.9 21.7 22.7 23.6 24.9 25.9 26.7 7.9 10.7 12.8 14.5 17.7 . : 20.3 21.7 1,518 22.7 23.5 ·s . s 2,118 2,418 27.7 24.2 Income half earned, half from investments · • · · · 10 Up to £5.000 as above 1,273 1,463 1,868 2,273 2,678 3,116 23,2 24,4 26,7 28,4 29,8 31,2 5,500 6,000 7,000 8,000 9,000 10,000 976 1,218 1,518 1,818 2,118 2,118 2,418 17.7 20.3 21.7 22.7 23.5 24.2

Single persons---income all earned comparison with 1973/74

COMPARISON WITH 1973/74

	Drepered els					
1e	Proposed ch	arge for 1979/80		Tax charge	ed in 1973/74	Change in the
			Equivalent gross income in			percentage of income taken
80	income tax	Percentage of total income taken in tax	1973/74	Income tax	taken in tax	
		(A)	-		(B) ··	·
	E.	per cent	· £	£	per cent	per cent
	84	5.6	645	15	2.3	3.3
u i	213	10.7	860	79	9.2	15
3	363	14.5	1.075	144	13.4	11
0	513	· 17,1	1,290	208	16.2	0,9
0	663	18.9	1,505	273	18.1	0.5
0	813 .	20.3	1,720	337		
0	963	21.4	1,935	402	19.6	0.7
	1,113	22.3	2,151		20.8	- 0.6
-	1,413			467	21.7	0.6
	1,713	23.6	2,581	596	23.1	0.5
		24.5	3,011	725	24,1	0.4
	2,013	25.2	3,441 ·	854	24.8	0.4
9	2,313	25,7	3,871	983	25.4	0.3
)	Z ,613	26.1	4,301	1,112	25,9	0.2
)	4,588	30.6	6.452	1,843	28.6	
)	7,030	35.2	8,602			2.0
5	9,722			2,854	33.2	2.0
		38.9	10,753	4,045	37.6	1.3
,	12,663	42.2	12.903	5 350	41 5	67

The equivalent gross income in 1973/74 is obtained by dividing the 1979/80 incoma by 2.325, the factor by which prices (measured by the retail prices index) have increased between April 1973 and April 1979.

REGIONAL GRANTS

Deferment conditions announced

Following the Budget announce- Grants Offices yesterday nr time, ment of a four-month deferment in the payment of regional development grants, Sir Kelth Josepb, the Secretary of State before. allowances paid to war widows development grants, Sir Keltn examined in the usual way. Of particular cases will be eoter-Josepb, the Secretary of State When the office is satisfied about tained, as this would operate for Industry, announced that the amount of grant payable. Unfairly against other appli-cations made after yesterday. The Department will accept as in time applications posted to ligibility for grant, payment the Regional Development tha Regional Development will be made in four months' Bootie, Cardiff or Glasgow.

This four-mooth period will The applications will be not be used to resolve questions examined in the usual way. of particular cases will be coter-

changes

95

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alter

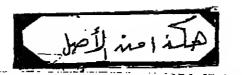
allo y

spending on Jobcentres (equivalent to the loss of about 17 from the current pro-gramme) and also deferring

this year. Industry directorate: A reduc-tion of £9.5m is nroposed in

funding to Industrial Training

Boards and other bodies, spread



THE BUDGET

Details of tax proposals

E FINANCIAL Statement

LAND REVENUE

ome Tax Che Finance Act, 1979, reased the single person's owance and the maximum fe's earned income relief from \$5 10 £1,075 and the married owance from £1,535 to £1.675. is now proposed that these owacces be further increased £1,165 and £1,815, respec-

Finance Act. 1979 The reased the additional personal owance from 2550 to £600. It now proposed to increases it ther to £650. The Finance Act. 1979, also

reased the age allowance for. single person from £1,300 to 420, for the married from 075 to £2,265, and the age owance income limit from 000 to £4.400. It is now prosed that these levels be furiocreased to £1,540, £2,455 d £5,000, respectively. d £3,000, respectively. It is proposed to extend the sic rate hand by £2,000 to 250 (reduced, as appropriate, any wife's earnings charged the lower rate), and to reduce > basic rate of tax from 33 per

4.400

of to 30 per cent. It is proposed to abolisb the her rates of tax above 60 per at and to increase the width the remaining higher rate

nds. As a consequence of these anges, the structure of perhal tax rates in operation in 79-80 will be: Bands of Taxable Income

£ Per cent	
0- 750 25	
751-10.000	
.001-12,000 40	
001-15.000	
001-20,000 50	
001-25.000 55	
ver 25.000 60	
"it is proposed that the invest-	
" ont income surcharge for 1979-	
30 should be charged at the	
igle rate of 15 per cent. and	
it the threshold should be	
000 for all taxpayers.	
Following the withdrawal of	
ild tax allowances in the	
nance Act, 1979, it is proposed	
re-define the qualifying condi-	
ns for additional personal	
owance and to repeal Section	
Income and Corooration	
xes Act. 1970 (child-minder	
icf). It is also proposed that	
child dependency allowance	
eived by widows and certain	
ter social security henc-	
iaries should be wholly	
empt from income tax.	
It is proposed that war	
dows' pensions should be inly exempt from income tax. It is proposed to reduce the ofit restriction in calculating ; amount of stock relief from	
inity exempt from income tax.	
It is proposed to reduce the	
ont restriction in calculating	
per cent to 10 per cent.	
per cent to to per cent.	
ome tax and corporation tax	
It is proposed to write off the	
lance of stock relief still out-	

(a) Costs include the cost of revelorisation of allowances in the Finance Act 1979 (1986) in 1979 80 and 11,042m in a full year). anding for 1973-74 and 1974-75 d to introduce provisions to ite off so much of the relief r each subsequent year as has been recovered after a riod of six years. It is proposed to allow huslesses to claim less than the full 'nnunt of stock relief due. " It is proposed to introduce prosions under which expenditure . 01 jeurred after June 12, 1979, nn irs acquired for long-term asing will generally cease to ualify for the 100 per cent first ear allowance. orperation Jax It is proposed that advance orporation tax for 1979-80 hould be poyable at the rale f three-sevenths of the antount f the distribution. It is proposed for the finan-

Forecast effects of tax changes

The effects shown are direct effects: i.e. the difference between the yields of pre-Budget and post-Budget tax rates at the same levels of income and activity. The expenditure tax figures do, bowever, allow for the effects of relative price changes on the composition of consumers' expenditure.

INLAND REVENUE

Income tax	
Increase in single allowance hy £180 aod married allowance hy £280	-1,541(a)
Increase in additional personal allowance by £100	-11(2)
Income tax Increase in single allowance by £150 aod married allowance by £250 Increase in additional personal allowance by £100 Increase in age allowaoce by £240 (single) and £350 (married) and in income limit Reduction of 3p in basic rate Extension of basic rate band by £2,000 Changes in bigber rate thresbolds and rates	
Changes in bigber rate thresholds and rates Increase in investment income sur-	305
	- 22
charge thresholds Exemption of child dependeocy allowance Exemption of war widows' pensioos Stock relief: reduction io profit	-5 -4
Slock relief: reduction 10 profit restriction	NU
Income tax and corporation tax Stock relief: write-off Stock relief: partial claims Capital allowances: leased cars	Nil Nil Nil
Corporation tax Decrease in rate of ACT to 3/7ths of the amount of the dividend Increase in limits for small company relief	
Petroleum revenue tax Incréase in rate and reduction of uplift Reduction of oil allowance Relief for certain expenditure incurred after the oil is landed Removal of exemption of Britisb	+20 20
National Oil Corporation	Nil
Development land tax Reduction in rate and increase in exempt amount	. –2
Capital transfer tax Extension of transitional period for dis- eretionary trusts	Negligible
TOTAL INLAND REVENUE	3,590
CUSTOMS AND EXCISE Value added tax Unification of rates at 15 per cent	+2,033(k)
Excise duties Increase in rale of duty on light oil, etc. Increase in rate of duty on beavy oil for	+280(1)
Increase in effective rate of rebalable	+ 80
oil duty Variations in rates of duty oo eigarettes	Negligible
TOTAL CUSTOMS AND EXCISE	+2,435
Total Changes in Taxation	-1,155

It is proposed to reduce the oil allowance for PRT from Im long tons to im metric tonnes a year, and to reduce the cumulative limit of 10m tons per field to 5m metric tonnes.

It is proposed to extend relicf 1P for expenditure to allow relief 19 for expenditure incurred beyond the point at which oil is first landed in the United Kingdon and up to the point at which oil is valued for the purposes of PRT. It is proposed to remove the British National Oil 197 Pe Fir Corporation's exemption from PRT for chargeable periods Se eoding after 30 June 1979. Fir

a full year Development land tax

Forecast

£m

-1,845(a)

-13(a)

-210ta)

-1,395

-200

-662

-201

-6 -5

-30(b)

(e)

-4.275

+100

+4,700

+425

Forecast

for 1979-80

It is proposed that development value realised from the disposal of an interest in land on or after 12 June 1979 should be charged at 60 per cent and that the amount of development Se value realised in a financial year which is exempt from development land tax should he increased from £10.000 to £50.000 as respects disposals from the same date. Capital transfer (ax It is proposed to extend for a further two years the period during which Iransitional relief is available for distributions from discretionary trusts, and

to postpone for two years the introduction of the periodic charge on discretionary trusts. -25(c) Negligible ÷200(d) CUSTOMS AND EXCISE Surcharges and rebates in respect of excise duties It is proposed to extend for a further year the existing

~11 powers under Section 1 of the Excise Duties |Surcharges or Rebates| Act 1979 which enable +130(f) the Treasury by Order to impose +20(g)a surcharge or allow a rebale in respect of those excise duties to which the Section applies. ~11(h) Nil

Value added tax

It is proposed that from 18 June 1979 the S per cent rate ~10(1) of value added tax should be Increased to 15 per cent. It is proposed that from 18 Juce 1979 the 121 per cent rate Nil(j) of value added tax should cease to have effect and that the goods and services subject to it should be chargeable at the 1a per cent rate. +**4,175(**k) It is proposed to amend the law so that the 15 per cent rate

of value added tax will not apply in respect of charges to +375(l) telephone subscribers on computer-produced tax invoices which include a rental charge for a rental quarter commenc-ing before I November 1979. Negligible It is proposed to amend the law so that goods and services supplied before the date of the

increase in the rate of value added tax will not attract the increased rate of tax solely 4. The prospect is for rather because the time of supply for little change in real personal

Forecasts of Expendence	liture, Imports and
Gross Dome	stic Product

		•								1.01.01.1	3/3 PN 683	. SDASDNAI	iy equside	
	Concumors' Exponditure	General Gove on good Final consumption	Is and so Fixed invest-		Other fixed invest- ment	Exports of goods and servicos	Stock building	Total finel cxoendi- ture	Less imports of goods and Services		Plus	Gross	GDP index 1575 = 100	
p77 978 979 975 Grst half second half 979 first balf 980 Grst ball 980 Grst ball	66,400 68,550 32,800 33,600 34,350 34,000 34,000	23,300 23.650 24,000 11,800 11,850 12,000 12,000 12,000 11,900	3,850 3,3511 3,300 1,751 1,600 1,700 1,600 1,300	27,150 27,000 27,300 13,550 13,450 13,450 13,600 13,400	16.100 17,100 17,000 8,550 8,550 8,500 8,500 8,500 8,500 8,400	31.500 32,250 32.100 15,900 16,350 16,350 16,400 16,600	1,090 950 451t 554 400 250 260 - 150	138,700 113,700 145,200 71,350 72,350 72,350 72,300 72,300	30,350 31,750 33,101 15,800 15,950 16,500 16,650 16,650	10,800 11,450 11,600 5,700 3,750 5,800 3,800 5,800	104t 35b 11 25b 25b 25b 11m 11m	97.650 104.510 100.8510 49,8510 50,630 50,1540 511,4140 49,950	105.0 108.1 118.5 107.2 109.0 108.5 108.3 107.4	
first balf 1978 to 6rst balf 1979 econd balf 1978 to	-4 <u>!</u>	2	- 2	1!	-1	- t		1!	41	1			1	,
second balf 1979 irst balf 1979 to	1	1}	- 3	. 1	- 3	÷		ł	4	1		-	1	
first half 1980 Percentage changes at abnual rate	-	-1	12	-2ł	-11	5 <u>1</u>		- 1	1	n		-	•1	
First half 1978 to second half 1979 econd balf 1978 to	21	1	- 6	n	0	3		1}	a)	1			L	
first balf t980	1	1	<u> </u>	- 1	-1}	1		n	3	1		_	-1	

t All ligures in Table 4 are based on "compromise" estimates of gross demostic product. The stat flucal adjustment reflects for nuteriorit descendent of expenditual and compromise series. Note—Figures in Em are rounded to CSCm. Percentage th anges are coloriated from unrounded levels in Em and then rounded to "; Ger rounded form the linal column is calculated from unrounded numbers.

Economic prospects up to 1980

Introduction and summary The prospect is for economic activity to decline slightly over for multiplier effects) to ments, the next rear or so Retail price be 2 per cent lower than inflation increases during 1979 in the main forecast. This Inflation inflation increases during 1979 and falls again during 1980. The current account of the balance very high compared to any year prior to 1974. The variant shows that this development alone of payments is forecast to re-main close to halance. Public sector borrowing, as a percent-age of GDP, is cut sharply from conil add some t per cent to GDP by the first half of 1980, converting a small fall into a the 1978-79 level. The tables set out the forcsmall rise.

casts and give some indication of the orders of magnilude of the errors which could he involved. These forecasts are used In preparing the projections for the public sculor in Paris II and III of this report.

Policy assumptions

3. Monetary and fiscal policy assumptions for 1979-80 are dc-termined by the Budget proposals. Growth of the money supply is assumed to he in the centre of the larget range. In April 1980 all specifie dutics and income tax allowances and hands are assumed for forecastiog purposes to be adjusted in line with price increases during 1979. Firm control of the money supply is assumed to continue during 1980-81. The Govern-ment has not yet reviewed pub-He expenditure plans for 1980-1931 and there is therefore no firm basis for a forecast. For present purposes the level of plaoned expenditure now deelded for 1979-So is simply extrapolated into 1980.81. The exchange rate is taken as deter-mined primarily by market forces,

Domestic demand

of

ing savings. For this reason

to be small and the impact on

for savings. The savings ratio than onlynt in total, reflecting is assumed (before allowing adverse overseas trade move-Inflatiun

9. The cutturn for carnings lower ratio would still be

growth in this pay round, based on the latest earnings and settlements figures, hoks like being close to the t4 per cent experienced in the previous parround. The forecast of earnings front this autumn onwards takes account of the impact of rising 5. The forecasts of privale inprices, the increases in dispos-able income arising from the Budget reductions in income vesiment are largely based on intentions surveys, though It is likely that respondents did nut tax, light monetary policy and allow for as sharp a check to activity as is now forerast. While there is some (bighty the ability of employers to pay, as well as the commitment to comparability payments in parts of the public sector. Past relafallible) econometric evidence about the scale and pace at tionships are not a strong guide which investment responds to in this area and so the forecast changes in output it may also is subject to a very wide margin of uncertainty. Subject to this he true that monelary and fiscal oolicy will have relatively favourable effects on industry's important provise the forecast shows earnings in the private sector rising at much the same confidence in the prospect for non-inflationary growth in the longer lerm. The recent high level of interest rates cannot, however, be favourable to inrate as in the last year or two, wilh rather larger increases in

the public services. 10. Even wilbout the Budget vate sector investment is forecast to be roughly constant the prospect was for some further increase in the rate of of inflation this year, parily because of a number of favour-6. Stockbuilding, however, is able factors affecting last year: notably roughly slable import prices for fond and basic materials, reflecting the strength one of high slocks in relation of sterling and the weakness of commodily prices This year oil prices are up sharply and there are firmer trends in other penditure provide for a full allocation of the ireduced1 concommodity prices. Murcover there are some damestic fac-tors te.g. the National Insur-ance Surcharge, local authority rates1 tending to raise prices fingency reserve as well as for a

the next year remains close to its level in the first half of 1979, having worsened by some 8 per

cent compared with 1978 and 13 per cent compared with 1977. The evidence strongly suggests The evidence strongly suggests that, particularly on exports, that, particularly on exports, that, particularly on exports, affected with a consequences of lag and so the consequences of the recent changes in rela-tive costs continue to affect the economy through and beyond the period of the format. he period of this forecast. Thus despite a slightly better prosnext year the prospect is for a fairly flat path of exports of monufactures at a level well above the first half of 1979 but a little below the second half of 1978.

13. The volume of imports of manufactures rose by 131 per cent in 1978, some of the increase reflecting the strong rise in United Kingdom demand. Total imports of goods and scrvices went up 4! per cent, Drer the next year, with domestic demand lending to fall, the rise

in imports, particularly of manufactures, should tail off. though the tendency for domesthe producers to luse share in the domestic market for mantifactures seems likely to enalinue, partly because of the poor level of competitiveness, Imparts of goods and services are forecast to rise 1 per cent over the coming year from the half of 1979

14. Including the effects of Increasing nil production the visible balance to volume terms is likely to have deteriorated in the first half of

respectively. Petroleum revenue tax rate of petroleum revenue tax entered into before January 1, (PRT) from 4ā per cent to 60 1979.

(b) The cost in 1980-31 will be £10m. (c) The cost in 1980-31 will be £10m. (d) The yield in 1980-31 will be £175m. (e) The yield in 1980-81 will be £175m. (f) The yield in 1980-81 will be £175m. (g) Petroleum revenue tax +£270m: corporation tax -£140m. (h) Petroleum revenue tax +£240m, corporation tax +£17m. (h) Petroleum revenue tax +£27m, corporation tax +£17m. (h) Petroleum revenue tax +£27m, corporation tax +£17m. (h) Petroleum revenue tax -£22m, corporation tax +£17m. (h) Petroleum revenue tax -£22m, corporation tax +£17m. (h) Petroleum revenue tax -£22m. (h) Petroleum revenue tax -£22m. (h) Petroleum revenue tax +£40m. (h) Petroleum revenue tax -£22m. (h) Petroleum revenue tax -£22m. (h) Petroleum revenue tax +£40m. (h) Petroleum revenue tax -£22m. (h) Petroleum revenue tax +£40m. (h) Petroleum revenue tax +£40m. (h) Petroleum revenue tax -£22m. (h) Petroleum revenue tax +£40m. (h) Petroleum revenue tax +£40m. (h) Petroleum revenue tax -£22m. (h) Petroleum revenue tax +£40m. (h) Petroleum rev cial year 1978 to increase the per cent for chargeable periods lower and upper limits for the ending after December 31, 1978. (b) the rale of duty on heavy "small companies" rate of cor- It is also proposed to reduce the poration lax from £50.000 and uplift in respect of certain £85,000 to £60,000 and £100.000 qualifying expenditure from 75 per cent to 35 per cent, subject etroleum revenue tax to transitional provisions for It is proposed to increase the expenditure under contracts

) STOCK RELIEF

Scheme altered with balance of first two years written off

innuunced important changes in back arrangements). he stock relief scheme to he neluded in this year's Finance Bill. The balance of the first iwa years' relief (1973-74 and 1974-75) is to he writen off: and the outstanding relief for each subsequent year will be written off after six years. The amount of relief will be increased for unincorporated businesses: and all businesses will be given greater flexibility in the amuunt of relief that they can claim.

Background

1. The Inland Revenue issued a cunsultative paper last year setting out a number of possible cbanges to the stnek relief scheme, including the write-off of some of the relief for earlier years. The proposed legislation will give effect to the write-off praposals and certain uther changes which will be of particular help to small firms.

Details of proposed legislation

2. (a) Write off relief for 1973-74 and 1974-75

The relief to be written nff is that allowed under Section 18 Finance Act 1975 and Schedule 10 Finance (No. 2) Act 1975 (which includes the transitional relief under Part III of the Finance Act 1976) for, bruadly amounl of unrecovered past

in his speech the Chancellor subsequently under the claw- The first relief in be written

-off under the six year provision in determining whether any will be that arising in periods relief for these periods has of account ending in the year heen recovered the Chancellor 1975-76. Thus, for example, where accounts have been has decided that in response to the representations received on the Inland Revenue's Consulta-relief in respect of that period uve Paper recovery chargea would qualify for write-off on

tive paper recovery coargea would quarry for write-off of should be set against later years' relief before earlier ryears', i.e. a system of last-in-first-out (LIFO). The effect of write-off will be that Section 18 and Schedule 10 relief will he excluded from and schedule article and so the first stage, but it is expected that the combined uprecovered past relief and hence will not be included in cost of this and the write-off of the first twn years' relief is

nence will not be included in the birst two years relief is any recovery charge for a likely to average about £25m period of account ending in per annum. 1979-80 or later. In this way businesses will be able to write (cl Calculation of the relief off sume £5bn of potential tax The Chancellor has also the blittle Only a small proper decided to increase the amount off snme fibn of potential tax liabilities. Only a small propor-tion of this amount was likely to be paid in any event and hence the cost to the Exchequer is a small fraction of this sum of nore than f25m per annum over the next few years. An example of the way in is a small fraction of this sum the profits restriction from 15 --not more than £25m per per cent to 10 per ceot for annum over the next few years. periods of account ending in or An example of the way in which the write-off provisions which the write-off provisions the form; in a full year

will work is given in the £30m. appendix.

(d) Partial claims (b) The six ycor write-off The legislation will provide that the balance of each sub-sequent year's relief arising under Schedule 5 of Finance Act 1976 will be written off Finance Act 1976) for, bruadly under Schedule 5 or rinance to introduce provisions which speaking, the two periods of Act 1976 will be written off will enable businesses to claim immediately after the sixth any part of the relief to which anniversary of the end of the they are entitled. There will anniversary of account for which be no change in the existing period of account of unrecovered past the relief was claimed. The rule that unclaimed relief canamount of unrecovered past the rener was that the rule that unclaimed relief can-relief fur those perinds calcu- same general principles will not be carried forward or set lated immediately after the end apply as with the write-off of against subsequent recovery of the period of account ending the first two years' relicf, charges. Again the change will in the year 1978-79 tile, the including the LIFO principle take effect for periods of total relicf allowed for those for identifying the actual account ending in or after 1979-periods less amounts recovered amount to be written off. 80. The cost will be negligible. 80. The cost will be negligible. in 1979-S0.

VAT purposes is after the new rate of lax bas come into effect. next year. This reflects the lack

Hydrocarbon oil duties

It is proposed, from 6 p.m. on 12 June 1979, to increase:

(al the rate of duty on light hydrocarbon oll, petrol substitutes and spirits used for power methylated spirits by 15n a lilre; sumers to save in order to re-

hydrocarbon oil for use as road fuel by 1.5p a litre; (c) the effective rate of duty hy rebatable oils borne lescept kerosene used olher than as aviation fuel) hy 0.11p a litre;

(d) the rate of duty oo gas used as road fuel by 0.75p a litre.

Tobacco

It is proposed as from 13 Augus] 1979 to vary the rates lobacco products duty on cigaretles as follows: (al to increase the specific element in the duty by £2.77

per 1,000 cigarettes, aod

(b) to reduce the od rolorem element from 30 per cent to 21 per cent of the retail price.

Drivers face double increase

THE Chancellor announced In his Budget speech the follow-ing increases in the rates of duty on hydrocarbon oils used as road fuels:

Light oils (maioly petrol), petrol substitutes and spirits В. used for power methylated spirits from 30p a gallon to 36.82p a gallon.

Heavy oils used as road fucl C. (derv) from 35p a gallon 10 41.82p a gallon.

In consequence, the rate of duiv on gas for use as road fuel will also increase. 15p a gallon to 18.41p a gallon. These duty changes will apply

to the goods concerned which were cleared from refinery or honded storage from feinery of honded storage from 6 p.n. yesterday. When account is taken of the new 15 per cent rate of VAT (which will apply

from Monday June 181 the effect of the Chancellor's pro-posals will be to raise the price of petrol to the private motorist about top a gallon. husiness users who are entitled to recover the VAT element in the price of their purchases of road fuel, the effect of the changes will be to raise the cost of petrol and dery by 6.82p a gallon.

Revenue Effeci. The revenue yield from these changes in excise duty will be about £475m in a full year and about £360m

grammes and the squeeze intdisposable incomes over the posed by the Government's policy on each limits there may buoyancy in economic be a small fall in general government expenditure on activity, and a number of specific factors tending to raise prices. The upward slep in gonds and services thoth consumption and investment) over prices following the Indirect tax the next year.

facturing.

vestment. On balance total pri-

over the period of the forecasl.

forecast to decline and may be-come negative by the first half

of 1980 since the starting point

in nutput, particularly for manu-

7. The forecasts of public cx-

likely level of shortfall. As a

phanges reduces the real value of existing savings in money-Output denominated assets: there is evi-

8. The prospect is for a small dence that this encourages confall in the level of total output over the next year although the establish the real value of existforecast change is well within the known margin of error. Domestic demand is weak bethe fall in the personal savings ratin after the Budget is likely cause of the effects of the Budgel and because private sector personal consumption to be corinvesiment-both in fixed assets respondingly large. The savings and stocks-is passing a peak. Morenver, export volumes-apart from oil-are held back by ratio is forecast to stay close to to the historically high figure nf poor competitiveness, and the 15 per cent. The ratin of wealth back to around 13! per cent. to income will also remain low upward trend in the share of World economic prospects demand met by imports may continue. Within a total picture compared with earlier years. The forecast path of personal consumplion is fairly flat over of slightly falling nuput. North the next year. The variant in Sea oil production will expand Table 3 shows the possible con-sequences of a lower outcome ing oulput is likely to be weaker

οл.

Trade volumes

Economic Prospects Lower Margin of error" (plus

Main forecast variant or minus A. Output and expenditure at constant 1975 prices First half 1979 to first half 1980; per cent change: Gross domestic product +1 2 -2122 $-4\frac{1}{2}$ +1 Private sector invest. ... -Export of goods & sves, 5 Suckbdg las 6 of LDP1 Imports of goods and services Manufacturing production -21 Balance of Payments on state of Payments of current account S billion: 1979 First half ... - 1 Second half ... 0 1980 First half 0 Public Sector = [1 1} Public Sector Borrowing Requirement f billion; in brackets percentage of GDP at u markel prices: Financial yr 1978-79 9! (5!",) 9! (5!",) Financial yr 1979-80 8! (4!",1 7! 14",1 D. Retail Price Index 21 16 1 5

Retail Price Index Per cent change: Third quarter 1978 to third quarter 1979 16. Third quarter 1979 to third quarter 1980 131 Noney Supply (Sterling M3t Per cent change: Mid-June 1979 to mid-April 1980 cat 14

ţ

197P but is forecast to recover faster this year: and it is likely In about its 1978 level for the that some producers will be keen to improve their margins, end of the forceast period 15. The United Kingdom enthough the scope for this will be limited by the tightness of Tent account benefiled in 1978 monetary and fiscal policies, from a significant improvement. The Budget itself is estimated in the terms of trade originalrent account benefiled in 1978 to add about 4 per cent in the

ing in particular, from weak RPI in the third quarter of this commodity prices. Although year, leading to a total increase there will prohably be sume year, leading to a total increase there will probably be sume of about 16 per cent. The late further intercomment in the date of the Budget means that overall terms of trade this year the impact of indirect tax this is more a reflection of increases will come entirely in changes in relative prices of UK and overseas manufactures. the third quarter of 1979 rather While the increase to all prices than in the second quarter. Once has comparatively bitle effect this effect has taken place retall price inflation in the following on the United Kingdom's terms year-despite some price effects of traile, world prices of industhe public expenditure trial materials may at least keen pace with those of manufacmeasures-is forecast to fall tures.

1fi. The surplus on invisibles declined in 1978, mainly reflect-11. 1978 saw a growth of ahoul 3? per cent in GNP in ing increasing transfer dobits the OECD area, with some slowdown in the United States being invisible surplus seems likely during the period of the forecompensated by faster growth in Canada, Germany, Italy and cast. Although the surplus on sound smaller countries. A the services account may begin further, more substantial, slowto rise again transfer debits will down in the growth of United continue to increase and the States activity seems probable halance un interest, profits and in 1979 and the first half of dividends is also likely to worsen, particularly for oil, 1980 and as a result GNP growth in the OECD area may where North Sea oil profits be around 31 per cent in 1979 accruing to foreign-owned comfalling to below 3 per cent in 1980. But because the United panies are increasing rapidly

17. The net effect of these States is contributing less to various trends is to suggest a fairly stable picture with the tutal growth and some smaller countries, with higher import current account remaining in propensities, may be growing faster the prospects for trade approximate balance.

may he rather more favourable PSBR

18. Last year saw a PSBR of £91 hillion 151 per cent of than the GNP aggregates sucgest. Weighted appropriately fur United Kingdom exports the for United Kingdom exports the GDP at market prices), after volume of trade in manufactures £51 billion 14 per cent1 in the is forecast to recover from a previous year. The forecast for very slow increase of about 3 1979-80 is £84 billion (4) per per cent in 1978 (itself an un- cent); this is about £24 billion usually low figure in relation less than the figure reached last to activity to an annual rate year. In 1979-80 the effects of some 5-6 per cent from now of the Budget are parily offset by the cost of comparability wage payments in the public sector.

t2. In 1978, United Kingdom experts of manufactures tless Moreins of error erratics) fully matched the 19. The incritia estimated increase in world gins of error associated with trade in manufactures, despite economic, forceasts have with the past tendency for United the past tendency for United regularly emphasised in Gov-Kingdom exports to lose share eroment publications and estiin world ourkets. The figures mates of average errors in past for the first four months of 1979 forecasts have been shown. On are very difficult to interpret. this occusion these estimates owing to distortions resulting are presented adjacent to most from industrial action. But the of the key components of the and a series a less favour- forceast in Table 3. These able performance. The force estimates are in no sense the cashing judgment is that the maximum errors that are likely trend loss of United Kingdom lo occur. For one thing they share is unlikely in have dis- are hased on the average not appeared and during the first the largest size of errors re-cast period it is likely to be worded in the past. Secondly, reinforced by the growing im- for Part A uf the table the pact of unfavourable competi- errors relate to comparisons of fireness. As a result of a string the forecast with a relatively exchange rate and substantial long and firm base; errors reper settlements. United King- lating to channes from a six-doin labour costs mse sharply month period which is itself a in the first half of 1979 rela- forecast will tend to be higher, five to our main competitors, because the initial period as The implication of the fore- well as the final period of the casts for costs and the exchange comparison is subject to subrate is that competitiveness over stantial error. This is parlicu-

E.

THE BUDGET

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1468

able

schemes.

437

TAX

Where the spending cuts will fall

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The following list of : was issued by the Treasu	ry aft	or the Chancellor's spee	ch.		Department of the Environment			. 7.
Department (and principa	al _. De	scription	£ mill	02	(Programmes 7, 8 & 14)	(i)	Reduction in public	
public expenditure programmics affected)			(at 19	979		(17	sector bousing (England)	30
programmes includy			price			(ii)		
Foreign & Commonwealth Office (Programme 2)						(iii)	Reduction in urban programme	5
Since (riogiamme a)		Reduction in overseas				(v)	Capital expenditure	
Department of Industry Programmes 4 and 51		aid				(v)	of water industry Property Services	3
(* togridanites + and bi	(i1	Four month defer-		50			Agency —reduced expeodi-	
		meot of payment of approved claims for				•	ture on major new works and	
		Regional Develop- meot Grant	145				purchases —reduction in minor	1
	(ii1	Reduced provision for new commitments					works and purchases of furni-	
		by the department and the National					ture and equipment	1
	(iii)	Enterprise Board	53				-savings in mainten ance and running	
	(111)	by:	_		Department of Education	L	costs	_
		Post Office British Aerospace	5 5		and Science (Programme 10)			
				210	((i)	Reduction in science budget	
Department of Energy						(ii)	Abandonment of pilot scheme for grants to	
(Programines 4 & 5)	(i)	Raduction in the noo-				(iii)	16-18 year olds Incresse in overseas	1
	••••	nuclear research and development budget	2			•	students' fees Reduction in capital	
	(1i)	Reduction in the external financing	_			(v)	spending	1
		requirement of BNOC	45			(,,	recurrent grant to Universities and	
		Brilish Gas National Coal Board	171 23			(vi)	Colleges Miscellaneous savings	
		Electricity Supply Industry (Eogland			Office of Arts and Librari		oo education	1
		& Wales1	82	323	-			_
				020	(Programme 10)	Misc	ellaneous savings	
Departmeol of Trade (Programme 4)					HM Treasury (Programme 13)			
(Programme 4)	(i)	Abolition of Price				exper	iced provision for inditure from the	
		Comolission, savings on local price surveys,			Department of Health &	Natio	onal Land Fund	
		the National Film Finance Corporation,			Social Security (Programme 11)		de la constante	
		export promotion and tourism	5				ase in prescription ges to 45p and certain	
	(ii)	The Cooperative Bank agreement to					ssed deotal charges at Britain)	
		refinance fixed rate export credits			Scollish Office (Various Programmes)			
		currently financed by ECGD	25				e the Secretary of has separate responsi-	
				30			es within his own area me of the above pro-	
Department of Employmen	nt					gram	mes compsrable tions to be made	. '
(Programme 4)		Reducing the Man-			Welsh Office (Various Programmes)			
		power Services Com-			(valious riogrammes)		e the Secretary of bas separate responsi-	
		and restricting				bllitie	es within bis own area	
		special employment measures		172		progr	ammes comparabla	
					Northern Ireland Office	reduc	tions to be made	
Department of Transport (Programmes 5 & 6)					and Department (Programme 15)	1171	no the Country of	
	(i)	Reduction in British Rail's external				State	re the Secretary of bas separate responsi-	
	(ii)	financing requirement Reducion in graots	14			for so	es within his own area	
		for rail freight facilities	1			progr	rammes comparable tions to be made	
	(lli)	Roads construction, maintenance, New	-				reduction in	
		Towns roads and amenity works	10				rammes	
		amenity works	10	9=	In addition the construct		eserve is to be cut by	£95

Reducing allowance basis Modified for cost of cars rule for rates alteration statement on leasing: EXPLAINING the modification "The Government proposes of change of rate rules arising

than £8,000.

afternoon,

be introduced in the Finance

Bill restricting the capital

to be used for long-term leasing.

"Capital expenditure on cars

caDita]

posals in more detail.

VALUE-ADDED . LEASING

from the 15 per cent pew unified rate of value-added tax, the Department of Customs and Excise stated: The normal rule when a rate of VAT is changed is that the

rate of tax to be charged is that In force at the tax pointfrequently the date of invoice as opposed to the date of supply. However, this rule is modified on this occasion to enable traders registered for VAT to account for tax at the old 8 per cent or 121 per cent rates, as

appropriate, on supplies mada before Juce 18, 1979, even afternoon, the Chancehor announced that legislation would where the tax point would normally occur after that date. Guidance on the effect and allowances at present available for expenditure incurred on cars applicatian of this modification is given in Customs and Excise leaflet 716/1/79, which will be available at local VAT offices. This notice explains the pro-To ensura that no charges on

telephone bills for calls made before June 18, 1979, carry the used for business purposes generally qualifies for capital increased rate of VAT, the new allowances at 25 per cent on the 15 per cent rate of VAT will not reducing balance basis i.e., on he applied to telephone hills the balance of expenditure issued by the Post Office and the remaining after any independent Hull telephone service before next November. sllowsnces bave been deducted.

From June 18. traders registered for VAT should accouot particular tais, private bire cars, for tax at the new rate of 15 per ceot on all supplies of goods and cars let on daily or short term hlre, qualify for 100 per and services which bave previcent first year allowances nnder ously heen chargeable at 8 per cent or 12 per cent. However, the rules to be followed on a full cost of expenditure on such change of rate have been vehicles can be written off for modified, for this occasion only, tax purposes in the year in which it is incurred. It was as explained above. The increase in VAT will not originally envisaged that

apply to existing slocks beld by cars leased on a long-term basis registered traders who, unless a contract provides otherwise. years), but following a decision will be entitled to pass it on to their customers, (an independent appeal tri-bunal) in 1975. capital expendi-VAT retail schemes: The VAT fraction to be used in calculatture on such vchicles bas also

ing VAT at 15 per cent from tax-inclusive prices is 3/23rds, Retailers using any of the special retail schemes must follow the rules set out in the existing supplement to Notice Nu, 727 for the scheme which they are usiog. Customs and Excise Notice No. 735, which will he available at local VAT offices, incorporates a ready reckoner for calculating VAT at 3/23rds. All the present retail schemes will remain avsilable

though some traders will be switch to simpler Revenue effect: It is estimated provisions. Expenditure in such that these changes will result in cars would theo qualify, like exan increase in revenue of about penditure on business cars

ear an

AFTER THE Chancellor had for £2,000. The table shows the completed his speech, the lessor's capital allowances posi-Treasury issued the following tion for each year, allowances being marked (+) and balanc-

ing charges (-). "Taxis, private hire cars and that capital ependiture on cars cars which are hired on a daily leased on a long-term basis or short-term hasis will continue should generally cease to qualify to qualify for 100 per cent first for 100 per cent first year allow- year allowaoces. The proposed ance, and should instead qualify legislation will introduce new (like capital expenditure on conditions for these allowances, husiness cars hought by their husiness csrs hought by their term lease. To qualify a car users) for allowances at 25 per. must normally be on hire to the cent on the reducing balance same person for less than 30 hasis; and that the special rules applying to cars costing more than £5,000 should apply in future only to cars costing more than £8,000.

mobility allowance will also con-"In his Budget statement this tinue to qualify for 100 per cent Chancellor first year allowance irrespective ation would of the length of the lazse. " The proposed new rules will

geoerally spply to capital expenditure on cars which is Incurred (ie is payable) after Budget day Where, however, expenditure is incurred after Bndget dav under a contract entered into on or before Budget -day, the new rules will not apply provided the car is used by the lessor in his trade not later than Juce 12, 1980.

CARS COSTING £5,000

"The capital allowances due previously given on a car which costs more than "Certain cars, bowever, in £5,000, and which does not qualify for 100 per cant firstyear allowances as a taxi or private hire car, etc., are restricted to a maximum of £1,250 the provisions of Section 43 (c) Finance Act, 1971, so that the in any year. It it proposed to increase these limits to £8,000 and £2,000 respectively for capital expenditure incurred sfler Budget day. "There is also a restriction on this provision would apply to

the relief given for hiring charges paid in respect of any (e.g for periods of two or three cars costing over £5,000 which do not qualify for 100 per cent first year sllowance. It is proposed that the level at which this restriction applies should similarly be increased from fa.000 to £3.000 in respect of hire charges payable after

Budget day. rapidly in the last two years. "As cars leased on a long-The Chancellor sald in his term basis will normally cease Budget statement that the loss to qualify for 100 per cent first-year allowances under the proof tax is curreotly running at In the posed new rules described in absence of new legislation, it paragraphs four to seven above, the reotal restriction will apply could well continue to increase. The Government are therefore more widely in future than it proposing that cars used for does st present. There will, however: continue to he no restriction of relief for future long term leasing should cease to qualify for 100 per cent first year sllowance, le to restore rental payments in respect of the original intention of the 1971 a car which bas qualified for 100 per cent first-year allowance undef the present rules (even

LEASED CARS AND CARS COSTING MORE THAN £5,000: DRAFT FINANCE BILL

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Financial Times Wednesday June 13 1979

CLAUSE "(1) Section 43 of the Finance Act 1971 (which excludes from first-year allowances road vehicles not falling within paragraph .(g), (h) or (c) of that section) shall be amended in accordance with subsections (2) and (3) below. (2) The existing provisions of that section shall become subsection (1) and In paragraph (c) (vehicles provided for hire to, or the carriage of, members

of the public in the ordinary course ofa trade) after (c) there shall be inserted the 'subject to subsection words (2) balow ? "(S) After the said paragraph

(c) there shall be inserted: (2) Subsection (1) (c) above applies tn a vebicle only if (a) the number of consecutive days for

which it is on hire to or used for the carriage of the same ber son will normally be less than 30; and (b) the total num-ber of days for which it is on hire to, or used for the carriage nf, the same person in any period of 12 months will normally be less than 90. (3) For the purposes of subsection (2) above persons who are con-

nected with each other within the meaning of section 533 of the Taxes Act shall be treated as the same person; and that subsection does not affect vebicles provided wholly or mainly for the use of persons in receipt of s mobility allow-ance under the Social Security Act 1975 or the Social Security (Northern Ircland) Act 1975.

[4] In paragraph nine of Schedule 8 to the said Act nf 1971 (which defines the vchicles to which the special rules in

paragraphs 10 to 12 apply as those not falling within paraeraph (a), (b) or (c) of section 43) for the words 'section 43 of this Act ' there shall be substituted the words 'section 43(1) of this Act '

mort

White

"(5) In paragraphs 10 to 12 of that Schedule (special cani-tal allowance rules for motor vehicles) for £5,000 and £1,250 wherever they occur there shall be substituted res-

pecilvely '£8,000' and '£2,000 and after paragraph 12 there shall be inserted: 12A. The Treasury may by order increase or further increase the sums of money specified in paragraphs 10, 11 and 12 above: and any such order shall be made hy statutory Instrument subject to annulment in pursuance of resolution of the House of Commons

(6) Subject to subsection (7) below. this section applies relation to expenditure ln d after



JULY 23 & 24, 1979 DORCHESTER HOTEL, LONDON

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A FINANCIAL TIMES CONFERENCE

£2,035m in 1979-80.

INTEREST Transitional relief period extended

AFTER THE Chancellor's speed the Treasury announced that It intends to extend the period of transitional relief for interest on pre-March 27, 1974, loans until April 5, 1982. No increase is proposed for 1979/80 in the ceiling of £25,000 on housing loans ranking for rellef. Transitionol Relief

1. When tax relief for interest payments was generally restricted in the Finance Act 1974. it was provided that, where debts had been incurred on or before March 26, 1974, transitional relief would continue for interest payable before April 6, 1980 (Section 19, Finance Act 1974). It is now proposed to extend this relief to interest payable before April 6, 1982.

2. A similar extension will apply to the relicf for interest payable to a non-resident out of investment income foreign (Section 122 and paragraph 2, Part III, Schedule 12, Income and Corporation Taxes Act

and (1970). Mortgage Interest Ceiling 3. Section 1(5), Finance Act 1979, maintained for 1979/80 the £25,000 ceiling on house purchase and improvements loans ranking for tax relief. It is not proposed in the coming Bill to increase that ceiling.

British

Library

Rate of PRT Cuts to hit

Uplift

THE CHANCELLOR of the Exchequer in his Budget speech announced savings of just under f_{3m} is expectiture on the arts increase in the rate of produc-in the present financial year. in (or to prevent a substantial in the present financial year. Some £3m of the savigs will come from reductions in the recurrent expenditure on the arts, the British Library, national museums in England, and other arts and museum purposes. The remainder will come from provision for payments out of the National Land Fund.

This reduction of £3m in the grants which the grant-aided bodies would otherwise have received will amount to approximately 2 per cent of the eati-mates of each of the bodies expenditure made under such concerned for the current year. contracts would attract uplift at

ought hy their users, for allowances at 25 per cent on the re-ducing balance basis.

ny the Special Commissioners

qualified for 100 per cent first

'Car leasing has expanded

year allowance.

some £175m a year.

"As the following example shows, the total net allowances in given are the same on either basis, hut are duc sooner with 100 per cent first year allowалсе

"For example: A car is hought by a leasing company during year 1 for \$4,000, and immedi-"In addition to dealing with the changes described above, it also includes a provision enabately leased to a business user for three years. At the end of ling the monetary limits in paragraphs 10 to 12 of Schedule the three year period, during S Finance Act 1971 to he inyear four the car is returned to cressed in future by Treasury the lessee and sold by the lessor Order.

proposed oew rules for. and for the purposes of this leased cars had applied to it). "The soecial rules applying to cars costing over £5.000 are the Finance Act 1971, Schedule 8, paragraphs oine to 12.

if it would not have qualified if

DRAFT LEGISLATION

subsection expenditure is incurred on the date when the sums in question become payable. "(7) This sectino does not

affect the operation of the said section 43 in relation to any expenditure on the provision of a vehicle if the expenditure consists of the payment of sums payable under a contract entered into on or hefore the said June 12 and the vehicle is brought into use not later than June 12, 1980.

	Year 1	Year 2	Year 3	Year 4	Total net allowances given
100% first year allowances	÷ 4,000	NiL	NIL	-2,000*	+2,900
25% reducing balance basis	÷1,900	+750	+ 563	- 313*	+2,000
• These balancing adjustments will	he spiend over futur	e years	if there is a pool	of unaflowed cepite	l expenditure

PETROLEUM REVENUE TAX

Changes remove BNOC exemption

THE Chancellor announced in 663 per cent. (The 663 per cent for PRT, under current rules, is his Budget Speech that the rate would ensure that the total Finance (No. 2) Bill 1979 will value of the tax reliefs avail-It is proposed to remove this reconlain a number of provisions relating to Petroleum Revenue expenditure).

The changes will increase the rate of PRT from 45 per cent to 60 per cent; reduce the "up-Oil allowance "oil allowance" which is free of PRT. Under the Governlift" for certain qualifying ex-penditure from 75 per cent to ment'a proposals this allowance will be reduced from 1m long 35 per cent- haive the oil allowance; and remove BNOC's ex-emption from PRT: make two tons (subject to a cumulative limit of 10m tons per field) to relaxations in the rules for ex-Im metric tonnes a year, subject to a limit of 5m metric penditure relief. It is also propnsed to metricate amounts in the Oil Taxatton Act 1975. lonnes. BNOC's exemption from PRT

5-Under the Petroleum and I-lt is propused to increase the rate of PRT from 45 per Submarine Pipellnes Act 1975, PRT is not payable by the British National Oil Corporation cent to 60 per cent for chargeable periods ending after Dec-ember 31, 1978. (BNOC). It is proposed to remove BNOC's exemption from

PRT for chargeable periods end-2-Expenditure undertaken to ing after 30 June 1979. There will be provisions to ensure that bring about the commencement BNOC is given the same entitle-ment to PRT reliefs and allow-. uf production or a substantial ances as other oil companies. decline) and for certain other " Coincideo ce " purposes not only ranks for im-6. The point at which oil is solul mediate write off in full as an expense but is also eligible for an "up!ift" against PRT. It is or valued for PRT purposes does not undar current rules, always coincide with the cut-off point for for PRT relief expenditure: proposed to reduce the rate of uplift from 75 per cent to 35 thus producers do not always get PRT relief for all the costs of transporting oil as far as the

per cent for expenditure in-curred under contracts entered into on or after January 1, 1979. valuation point. It is proposed 3-Specific sums committed for to remove this anomaly hy specific works under contracts changing the expenditure rules. entered into before January 1, 1979 would still attract the 75 Payments between Fellow Licensees 7—If an asset or service is

able for the expenditure would striction, not exceed the amount of the Metricatio metrication

8-It is proposed to convert references in the Oil Taxation 4-For each field there is an

Act to "long tons" and "cubic feet" to their metric equivalents.

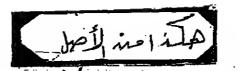
Safeguard 9-The Government does not propose to alter the safeguard cbargo is cancelled to the extent provision under which the PRT tbat in any calendar yaar it reduces the return on a fiald hefore Corporation Tax to less than 30 per cent-broadly cquiv-alent to just under 15 per cent after Corporation Tax at 52 per cent-of the capital expenditure (measured on the basis of hlstoric cost). The "tapering" provision will continue to apply to ensure that the PRT charge is not more than 80 per cent of the amount (if any) by which the return exceeds 30 per cent of the capital expenditure to

date. Effects of Proposals on. Gnvernment Revenues

10. The effect of the proposals on Government revenues, particularly in years ahead, is difficult to forecast as it depends on such uncertain factors as oil prices, exchange rates, costs and the level of production. For 1979/80, the increase in revenue is estimated as £130m (less £20m attributable to the relaxa-

tions in the PRT expenditure rules). The increase in total revenue to the end of 1985 is supplied by a fellow licensee in estimated to be of the order of a field the expenditure allowable £1.8bn (1978 prices).

هكذامن للصل



THE BUDGET

City reserves judgment until contents digested

Y CHRISTINE MOIR

CITY refused to pass down to 501.4, off 2.5 points on int judgment on the Budget the day. night although the general arp short-term depressant t on Gilts which might in draw equities down in low-my-leader " fashion. i 3 pm the FT 30-Share

Traditionally, Government ensus was that it would have stocks are not traded after 3.30 larp short-term depressant pm but telephone lines were 't on Gilts which might in busy with dealers getting the draw equities down in feel of the market for this morning's opening. Any signi-ficant Gilt fails were expected to

£ against the \$

Sterling

JAN FEB MAR APR MAY JUN

1979

Trade weighted index

Dac 2971-101

'ound rises to highest evel since 1976

3Y COLIN MILLHAM

: BUDGET was very well ived hy the foreign ange market, with sterling ig to its hest level for over e years against major curies in general. ic pound's trade-weighted

x, on Bank of England res. rose to 68 from 67.4lighest since March 1976. erling opened at \$2.0675 lowest level of the day, and already climbing in antici-on of the Budget before the ncellor began to speak. The p rise in MLR seemed to er heavy demand, and the id rose in \$2.0975 in very ic trading.

a it became clear that the get was even more stringent expected, the authorities have stepped in to control rise, and sterling closed at 315, a rise of 2.27 cents on day.

ug level against the dollar ate trading.

urlier in the day, the ilollar been firm on news of the u Morgan Guaranty's prime

x was virtually unnoved at attract significant overseas 2. At the close it had drifted buying orders.

2-15 SperE

from 113 per cent, bot it lost ground sbarply towards the close, finishing at the lowest level of the day against the German Deutsche-Mark and the Swiss franc.

is was the pound's highest Gold was depressed, falling g level against the dollar \$31 to \$2781, but the major news April 10, as the exceps of interest to the bullion market was the abolition of UK controls demand for sterling icd the U.S. currency down krigerrand fell to \$290} (£139) from \$3001 (£1451) in the domestic market, and the coin's

premium over its gold content declined to 4.45 per cent from ing rate to 111 per cont 6.50 per cent.

ut by £300m

Rate support limit

CHANCELLOR explained grants, for mortgage lending by

Industry pleased, but farmers irked

cereals.

Britain's biggest retailer, said that it would face an extra flm

on its production and distribu-

AN UNQUALIFIED welcome change in the environment and for the basic principles enshrined in Sir Geoffrey Howe's first Budget was given by the Confederation of British Industry last night, but retailers, faced with a 15 par cent rate of were slightly less

economic hackground. "There builds as the problems and they have tacked a tough job in sorting out Britain's economic brokens and they have tacked a tough they have tacked

It with great determination. The new Chancellor has put together a package which will help to get feeling was that any upward Britain hack on its feet again by trend in the market will now not restoring incentives all the way be impeded by institutions from the shop floor to the board-which have been keeping up room. He has made it worth liquidity in preparation for while to work harder. much bigger sales. BP shares "The move from direct to

detail over the Government's indirect taxation means that people can keep more of what they earn and can decide for said, it is important not to themselves how they wish to take one's eyes off the funda- spend their money. Managementals for the oext six monibs, and they bave not ment must now take up the challenge in an increasingly

The Chancellor's reduction in the top rate of income tax from 83 per cent to 60 per cent was exactly in line with the CBI's the Stock Exchange, was pleased to see firm control of the

interviewed on television during the Budget speech, expressed some disquiet that the new VAT rate-which was considerably higher than most people bad expected-and its property sector with the cut in effect of putting up the retail

from the trade unions. and generally discounted in in-dlvidual share prices, was " If this proves to be the case,

generally from the dual blow incentives was also taken up by the British Institute of of VAT and increased fuel prices. Beers, spirits and Management. It said:

provement among clearers, switch towards an incentive Overall, as Mr. John Robertson, economy. Managers will deputy chairman of the Stock benefit from the 3 per cent cut Exchange said: "The Budget in the basic rate of income tax had few surprises. Sir Geoffrey and we hope they will now give

the Government has taken a major step in this direction. What is now required is a hold attitude throughout industry to match the holdness shown by the Chancellor."

Associations representing small husinessmen, who are the key to providing new employ-ment opportunitics in the private sector, generally welcomed the Budget provisions, although there was some disappointment that the Government had not lightened some of the tax burdens which small husinessmen find particularly iniquitous. The Association of Inde-pendent Businesses said: "We welcome cuts in personal taxa-

tion at both the top and bottom levels, hut we would have hoped for more cuts at the bottom level for we are still left with "We had hoped for drastic fuel. But "the real problem

tion costs as a result of dearer revisions on capital gains tax, will be the inevitable follow-through of higher wage demands—the net result being hy indexing it and an overhaul of CTT, but the Chancellor is probably wiser to leave these wuch bigher prices for con-sumers and a return to the until a wider investigation has been carried out." inflation spiral."

Companies Economic Committee described the Budget as courageous and imaginative,"

ducing more and taking greater risks with the promise of even greater incentives." The Institute of Directors said it was particularly happy that the Government was "attacking our penal tax rates

national productivity." It continued: "We are glad to see that the tax reductions mark the start of a tax-cutting pro-gramme so that the individual, rather than the State, decides on bow the money we earn is spent. We hope to see the top rate of income tax cut further to

Slandardising the VAT rate at one figure would greatly simplify the task of traders who collected the tax on an unpaid basis on behalf of the Government.

pleased by other parts of the Budget, The National Farmers' Union maintained that increased

FINANCIAL TIMES REPORTER charges would raise farmers' extra tax or duty, as has often been the case in the past. We are also glad that as a result of costs by about £50m a year. "Coming on top of other cost increases the Budget makes a further devaluation of the excise duty has not gone up." green pound' imperative if Expressing disappointment with another cut in road con-British farm output is not to decline." the union said.

struction and maintenance of £10m, Mr. Shart Jardine, chair-Devaluation of this artificial exchange rate, through which man of the Asphalt and Coated European Community farm pro-Macadam Association, said: duct prices are translated into sterling, increases the income to "It comes as a shock to see a

Government which professes to farmers from key commodities such as heef, milk products and set the nation on a course of recovery dealing yet another blow to the construction industry. This Governments Retailers displayed doubts about whether the increase in failure to learn the lessons of disposable income arising from the recent hard winter as fai the tax cuts will offset the much higher rate of VAT. as our roads are concerned is The Co-operative Movement,

particularly disappointing." Past neglect had cost the country well over £1,000m and even the relatively small out now proposed could severely affert many roads net wigter. "In a road-based economy such as ours, this must mean losses to industry and commerce and will, of course, involve the tax-

vehicle

posed)y saved now." The Radio, Electrical and The Food Manufacturers' Federation said: "We oppose the **Television Retailers Association** said it was displeased with the 15 per cent VAT rate, but taxing of foods of any kind so we are dismayed that the expenditure, which is vitally increase in VAT to 15 per cent needed, rather than on current applies to foods such as ice cream and snack foods.

"They are eaten particularly by children, old people and the lower-income groups as part of their normal ilict. Of all the foods in people's freezers ice cream is the only one to carry VAT.'

Mr. William Taylor, chair-man of the Royal Institution of Chartered Surveyors' Standing committee on taxation, said the reduction in the rae of develop-ment land tax to 60 per cent would bring renewed vigour to the development industry.

The new rate was acceptable and was, in faci, at the level the RICS had recommended. The increase in the annual sum on which no tax was parable would encourage the bringing forward of many smaller sites on which so much of the housing programme depended,

be said.

have only "a marginal effect, if any, on new car sales." The Automobile Association

estimated that dearer petrol would add £30 to the average motorist's annual expenditure, while "the higher fuel costs incurred by road transport will undoubledly be passed on to the consumer." The RAC called the Budget

23

" a hiter pill for the motorist." It added: "Maoy will regard it as an iosult added to jojury in view of the already escalating cost of fuel. The average motorist will now speed up to £465 a year on his peirol bill alone."

Concern about the effects on the construction industry was expressed by the National Federation of Building Trade Employers. While welcoming the broad strategy of restoring incentives and reducing tas-ation, it commented:

Out of some fibn public expenditure cuts £440m seems likely to affect the industry in terms of cuts in housing subpayer in far higher remedial sidies, deferment of water expenditure than auything sup- authority investment and spending on the Community Land Act,

'Once agai nthis seems a dis proportionale hurden on this industry and it falls on capital expenditure, such as wasteful hurcaueracy, Worse still, there seems to be no belancing incomtive for private building work to be stepped up to fill the gap.

"All three identifiable growth areas for the industry — repair and maintenance, industrial and commercial building and private house building—seent likely to suffer from the overall effect of the Budget provision."

The federation listed some advantages for the building mdustry, however, including reliefs on corporation tax for small firms and slock relief.

The private house building industry vicicomes the cut in the rate of development land las from h6; per cent lu h0 per cent -although we would like in have seen a larger reductionand welcomes the redeulption of the Government's pleilge to repeal the Community Land Act.

" Both these measures will, in the hunger term, help to revire The Society of Motor Manu- the land market, which has been facturers and Traders believes acting as a major constraint on

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need to achieve substantial local authorities and for housing ction in public expenditure association activities. Local rder to redress the balance authorities' ability to lend to een inc public and private council tenants who want to buy ins and to revive the their homes is to continue un-inal cronomy. This of course altered. No change is being made es to the expenditure of in housing subsidy arrange-

authorities and water ments. articles as well as to central Howe nrilles as well as to central However, the Government does state for the Environment categories of expenditure. The

The big UK investing institu-tions largely beld their fire, waiting to digest not only the contents of the Budget but its economic hackground. "There VAT. enthusiastic.

sell-off.

changed."

greeted with relief.

union reaction."

There was surprise at the Chancellor's announcement that it was proposed to sell off only about £1bn in State assets. The

Otherwise, as a fund manager

tough trading climate." Certain aspects of the Budget did meet with chcers. Mr. Nicholas Goodison, chairman of

recommendation. Sir Ray Pennock, vice-presi-dent of the CBI, who was Public Sector Burrowing Requirement because it should permit more savings to be channelled into industry. He was also delighted with the income and investment surcharge cuts and pleased to see "reality" returned in the

Development Land Tax. The abolition of dividend conprice index by 31 per cent, might lead to high wage claims trol, although widely expected

we could have a tough problem facing us next winter," he said. Other sectors also were mixed hut stores suffered fairly The challenge to management implicit in the restoration of

"The Budget presents a welcome new approach and a tobaccos performed best and came alight early with the

reaction to unchanged exclse duty. The rise in bank base rates Chancellor has been bold was greeted with marked int- enough to make a significant

carried out bis manifesto an appropriate response to the promises. Now we awalt the challenge before them...

adding

new challenge to managers. We

The Union of Independent

pointed out that most electrical "It is up to all of us to regoods would cost only a few spond to the challenge hy propounds more. Consumers may find it will be some time before they have to pay the higher VAT rate. Boots

the Chemists said yesterday; "Logistically, we cannot get the VAT increases put through on an inventory range of 50,000 as the only way of increasing items until July. So, while we shall be paying the VAT increases from Monday next, we

Britaln's farmers were less

shall delay putting the increases through to the customers until July As well as higher VAT on cars, the motor industry has to

petrol. The Motor Agents' Association said.

the national interest to conserve fuel. But we cannot expect to be deligbled, since VAT is also going up on cars, as with every-

It is redeemed, however. by

live with the increased duty on The 10p extra tax and duty on petrol was highly predict-able, since there is a need in

thing else.

the fact that the motor industry "We have been asking for a interest rates and higher fucl has not been singled out for that the bigher VAT rate will private housing development."

50 per cent by the end of this Parliament."

necessary economies. w Environment Secretary

he current year of the order

rn further settlements come reduction will be made io the nigh the Government will urban programme for the cur-consider whether or not a rent year. The implications will

ler is made.

uircuents.

Provision is heing made for an construction work, furniture, rease in expenditure on equipment, maintenance and provement of local authority running costs.

ng maintained. There will be no cut in the there will be some disposals of land and other assets by the property Services Agency, new towns and water anthorities.

Special Deposits Scheme to continue

erage of the make-up doys for of their lending remains

c months November 1977-bril 1978. The application of the exten-but of the scheme will start om the average of each insli-toon's interest-bearing eligible ibilities on the make-up days r August. September and rober 1979 and end with the errore of the make-up days for of their lending remains

he asking those bodies for first is on land acquisition. The r co-operation in achieving second category is municipalisa-necessary economies. tion; bere the provision has

necessary economies. the Euvironment Secretary already asked local authori-th follow the example of ral Government by imposing recele on recruitment and aufly reapraising their man-rr requirements. He is alson ing them to reduce the ime of current expenditure he current year of the order) per cent in line with the tions and individual authorities, actions which central Gov- Authorities are being advised uctions which central Gov-ment is imposing on its own inistration. Authorities are being advised not make any fresh purchases of land or for municipalisation.

it of £300m. The full cost of Act will be repealed, which will the pay increases this year give substantial savings till unknown, however, and Urban Programme. A small give substantial savings

oter reduction is needed, be discussed with the local it will be made clear in authorities concerned. Jember before the increase Water Authorities, Water

authorities' capital expenditure The is made. The Environment Secretary is to be reduced in the current also asked the English water year. New allocations to in-horities and other public dividual authorities will be made as soon as possible after further consultations taking into consideration individual circum-dividual authorities will be made as soon as possible after further consultations taking into consideration individual circumslances.

uircuents. partment of the Environment ogrammes 1973-80. Te announced reductions in overall public expenditure wision of the Department of ancient monuments; rural in-

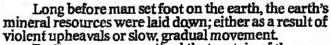
tision of the Department of ancient monuments; rural in-Environment amounting to oun. Using — For housing, the ings will be made in the PSA's expenditure on offices hy not proceeding with purchases of huildings and conversion of rent purformance hy local thornies. Deriven is being made for an

provement of local authority running costs. Finally, as part of the pro-fine present level of local gramme of asset disposal hority new house building is anouunced hy the Chancellor, there will be some disposals

SCHEIME to Contribution TER the Chancellor's speech, 2 Bank of England announced at, with the approval of the ancellor of the Exchequer, 2 had decided to continue the eration of the Supplementary retial Deposits Scheme for a riticr period of three months. The base on which the opera-in of the scheme resis will ntinue to he the average of ch institution's interest-bear a eligible habilities uutstand g on the make-up days for the c months November 1977-bril 1978.

were laid down millions of years ago.

Ourobjectives



violent upheavals or slow, gradual movement. Pretty soon, man realised that certain of these minerals could be utilised for practical benefit. The only obstacle was getting to them. The same problem exists today. And it's a problem

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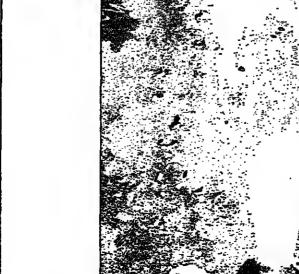
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Financial Times Wednesday June 13 1979 THE BUDGET

ENERGY RESOURCES

A sharp turn of the screw for all

in value added tax and duty and many months, bringing the price because of the stricter cash of a gallon of 4-star up th limits imposed on the British about 78p. In the past five Gas Corporation, the Nationat Goal Board and the electricity have been imposed as a result supply industry.

At the same time, the Governtage of higher North Sea oil prices to implement in full the Lahour Government's proposed increases in Petroleum Revenue Tax along with reductions in the oil companies' capital expenditure and oil wances. As another way of increasing Government revenue from the energy sector in the current financial year, the Chanceltor is proposing to sell a further part of the State's bolding in British Petroteum.

The expected increases in petrol and other oil product prices were put forward by the Chancellor yesterday as part of the Government's overatt programme for cutting oil con-sumption by 5 per cent and for improving energy conservation. The Government has resisted direct intervention in the form of rationing oil supplies; in-stead, it is setting great store on rising prices forcing people to use less petrol and other oil products. The result of push-ing up VAT on petrol to 15 per cent from the present rate of t24 per cent and of increasing petrol duty to 36.82p a gallon from the present rate of 30p a gallon wilt be to add 10p immediately to a gallon of 4-star

petrol. This is the fifth increase in petrol prices since October. when a gallon of 4-star was still costing around 74p a gallon in most urban areas. The oil com-

of risiog crude oil costs and moves by both oil companies ment has decided to take advan- and retailers to improve their profit margins. With the Budget increase of 10p a gallon, petrol prices will now rise to at least £1.09-£1.10 a gallon. Retailers buying their petrol supplies on the spot market could be charg-

ing up to £1.40 a gallon.

Duty raised

The duty on diesel fuel for transport is also being raised by nearly 7p a gallon from 35p to 41.82p a gallon. This in-crease will hit road haulage companies and along with other recent oil price iocreases will come through to the consumer as a further increase in freight charges. The Government bas passed up the opportunity to change the duty differential between petrol and diesel in order to make diesel cars a

more attractive proposition in the UK. The increases in these forms of duty are calculated to raise an extra £475m in a full year and an extra £360m io 1979-80. They came into effect from 6 p.m. yesterday. The Chancel-lor is also raising duty on other oils not used for transport. such as gas oil. fuel oil and lubricat-

ing oil, by ip a galton to 3p a gallon. This will raise £50m in a full year. gallon of 4-star was still Further increases in oil pro- that it must pay the Government around 74p a gallon in duct prices can be expected a further £190m from its sur-ban areas. The oil com- later this year. The Organisa-then removed their tion of Petroleum Exporting the Gas Corporation to decide

ALL FUEL prices will rise temporary subsidies to retailers, Countries, which meets in how this money should be raised British Gas, sbarply over the next few which had supported the fore. Geneva on June 26, is certain and British Gas is opting to The Nation months as a result of increases court price-cutting war for to agree new rises in the price raise one third of the amount seen its can be added at the price raise one third of the amount seen its can be added at the price raise one third of the amount seen its can be added at the price raise one third of the amount seen its can be added at the price raise one third of the amount seen its can be added at the price raise one third of the amount seen its can be added at the price raise one third of the amount seen its can be added at the price raise one third of the amount seen its can be added at the price raise one third of the amount seen its can be added at the price raise one third of the amount seen its can be added at the price raise one third of the amount seen its can be added at the price raise one third of the amount seen its can be added at the price raise one there are of crude oil-several member the UK.

> mented from September 1. give rise to price increases for other fuel: gas, coal and electricity. The Government has resisted any idea of imposing special taxes to raise the pricea of other fuels to a level equiva-lent to oil prices-such as an . The Government specifically asked British Gas to hold down energy equalisation tax or a gas tax-but it has effectively raised of the financial year. They other fuel prices by imposing stricter cash limits on the nationalised energy corporabave already risen by S per cent from the beginning of June. Non-domestic tariffs rose tions

> hy 11 per cent from the end of April. British Gas has tried Sir Geoffrey stated specifically in his Budget address that des-pite the stricter cash limits, the fuel industries had been asked to follow a long-term policy of relating its industrial gas prices to the market price of "to avoid as far as possible increases in fuel charges beyond competitive fuels, in most cases gas oil. The present commodity tariff price is about 19.7p a therm, whereas gas oit prices those required to meet cash limits announced by the pre-

> are currently about 24p a therm under term contracts and Certainly in the case of British Gas, however, the new nearer 30p a therm at spot cash limits wilt tead directly to higher gas prices for industrial consumers. At current prices the Government is calling for a prices. changes, domestic gas prices still remain substantially below reduction in external financing of £50m from the British National Oil Corporation, £190m from British Gas, £90m from the electricity industry and £25m from the National Goal equivalent prices for electricity or coal and the Government appears determined to leave this disparity unchanged at least until the next finaocial year Board.

Higher oil prices mean that coal prices arc also likely to rise In the case of British Gas, which finances its capital requirements from internal resources with room to spare, shorily by 10-t2 per cent and electricity prices by about 4 per cent. Both fuels have atready the stricter limit in effect means risen by about 9 per cent this year, but the cash limits announced yesterday will not have as dramatic an effect on these two industries as on

raise one third of the amount seen its cash limit cut from through bigher charges for gas £734m to £709m, confirming the of crude ou-several memory diverse and view corpressed in past weeks countries have already raised used by non-domestic users and view corpressed in past weeks prices by nearly 50 per ceot two-thirds through cutting that the Government would not since the end of laat year—and those will be reflected very how these cuts shnuld be im-though output the increase in non-quickly is oil product prices in demonstratio tariffs will be about 20 industry will be the level of he UK. Higher oil prices will also per cent and will he imple-

As a result of the Budget

More worrying for the industry will be the level of Government grants, set provisionally at £175m for the Gas advantage

forthcoming year. While this is £5in higher than last year, it is around £100m short of the level asked for by the Board, and will increase pressure on pricea due to rise shortly for the second domestic gas prices for the rest time this year.

The National Goal Board bas seen its cash limit cut from

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(PH)

TOU

The pressure will he the greater since the pay deal agreed with the mineworkers earlier this year, at a cost to the board of some £72.5m, was based on the hope that grants would increase this year to around £250m.

The electricity industry in England and Walea has had .£90m paired from its cash limits, while in Scotland, the cut is set at £10m.

In England and Wales, the industry has been set the target of repaying to the Treasury the sum of £68m at the end of the year, since its previous limit waa only £22m.

As in the case of the coal board, the industry has been asked to achieve savings by in-ternal economies, rather than by automatic price rises. However, the Central Electricity Generating Board is already uoder pressure from rising fuel. costs—pressure which will be increased when the forthcoming coal price rise works its way through in costs.

> Kevin Done John Lloyd

HOUSING AND CONSTRUCTION

A package of mixed blessings

THE CONSTRUCTION industry end of public expenditure cuts, new bouslog work and by water though for soce a budget has authority budgets. Under-

limit the impact on construction expenditure, last year came to work Itself.

The hoped-for

THE CONSTRUCTION industry The brunt of the cuts is to saving in the current year, the Government still did not more houses being built. has again found itself on the be borne by local authority according to the Department as appreciate the full part which The Government has all end of public expenditure cuts, new bouslog work and by water a result of the repeal of the construction has to play in pro-made a start on dismantly

only 60,000, well helow the original provision made. The

end of public expenditure cuts, new bouslog work and by water a result of the repeal of the construction has to play in pro-though for ooce a budget has authority budgets. Under Community Land Act announced viding the healthy economic brought with it some potential spending by councils on new recently. A reduction of £7 in bousing, which last year ran the currect urban ald pro-na high as £150m and became gramme is also being made a matter of growing concern to while the Property. Services Development Land Tax from a matter of growing concern to the Labour Government, has being cut back the Labour Government, has an area for future savings. chase and new construction of £440m has a substantial part of this year's apparently been designed to limit the impact on construction construction area for future savings. chase and new construction of the Act formed to formed the Act formed to formed the Act formed to formed to formed the Act formed to formed to formed to formed the Act formed to formed to formed to formed to formed the partment.

Oo the plus side, the repeal tax, which with the Act formed of the CLA and yesterday's the Labour. Government's Com-announced cut in Development mucity Land Scheme, was Land Tax should belp revive the introduced in 1976 and imposed

The Government has already made a start on dismantling the Land Act by curtailing consents for new spending under the scheme and removing restric-

tions on local authority land sales. The general consensus is that the legislation, designed to eoable the community to control the development of land, was frustrated from its introduction in 1975 because of a lack of money and political opposition among many local authorities.

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velopment Land materialised, raising prospects

to be repealed. Announcing details of the cuts, Mr. Heseltine said that be the product of a certain amount of Ministerial over-enthusiasm) represents less than a 2 per cent cut in workload.

He emphasised that there Ne emphasised that there would be no cuts in private sector improvement grants, mortgage lending by local authorities, housing association activities or on numerous other Departmental areas. such as historic buildings, parks or

Mr. Heseltine also announced a £100m increase in the alloca-tion for improvement of local authority homes.

Tax also financial over-provision has now heen eliminated. Revised capithat the land market will be at tal allocations will be issued least partially revived, now that in about three weeks following the Development Land Act is discussions with authorities. The Department's decision to

Announcing details of the cuts, Mr. Heseltine said that he was seeking a reduction in capital expenditure on construc-tion of £250m which, in an in-dustry with a turnover of £15bn (a figure which appears to be the product of a certain amount of Ministerial over-enthusiasm) nation's water grid and the urgent need for a big pro-

gramme of modernisation. Other savings include an £85m reduction in the local authority land acquisition programme and a cut of similar pro-portions in municipalisation -the purchase of private housing stock by councils for renting out as council houses. Mr. Heseltine said that it was the inten-

tion to eventualty stop the programme altogether. There will also be a £50m

land market, though opinions on how significant a stimulant the move will be remain divided. The house builders should, bowmission. An interim rate of 661 per cebt currently applies to the first £150,000 of gains realised

ever, be more bopeful over land supply, although they will be worried about the potential effects of the big MLR rise on

effects of the big MLR rise on in a year. Over the next mortgage rates. decade, DLT was due to rise disappointed not to see any tax was ultimately scheduled more direct incentives for house to take a billion and the scheduled more direct incentives for bouse to take a minor role once local buyers, such as lower stamp duty authorities bad an obligation or higher thresholds for mort- to acquire all development land. or higher thresholds for mort-gage interest tax relief. The Chancellor also said that

Most of the industry's rcprethe amount of development sentative bodies were last night value raised in a year to be free of tax would rise from £10.000 to £50,000. ready to welcome the budget's general strategy of more incen-The cut in DLT will be tive and fewer controls but less ready to condone the further generally welcomed by the cuts in their workload which development industry, with the Ministers claim are necessary if chance that land owners who their plans are to work. While have been holding land off the an industry with many small market will now consider husinesses was pleased to see selling. The supply of residen-the wider tax changes—notably tial land in particular could concessions on Gapital Transfer now improve, helping to reduce Tax-they were adamant that one of the biggest obstacles to

The end of legislation limit-iog. most local authority. leasea charge on the increase in the value of land arising from holds to 99 years (and the fact the granting of planning perthat even freeholds may he

granted in place of existing leases) could encourage development by stimulating the Interest of institutions that have ment been wary of anything other than long lease propositions. Though the dismantling of the

Gommunity Land Act may re-move some of the obstacles con-fronting the development industry, it will still seek changes in several areas affecting its activity. It will continue with its campaign to have industrial development certificates and office development permits ended and maintain efforts to simplify and speed up the planning system, controls which developers believe are in-berently far more obstructive than matters auch as Development Land Tax.

Michael Cassell

SOCIAL SERVICES AND PENSIONS

Jam today, but prices pill tomorrow

THE GOVERNMENT is making substantial improvements in basic State pensions at the next uprating due in November. The rises in pensions would appear pension for a single person is to reflect the Government's increased by f3.80 a week to £23.30 a week and by £6.10 per week to £37.30 per week for a married couple. In each case, November 1979—just over 17 bess of the sector of the sector for the sector of the married couple. In each case, November 1979—just over 17 bess of the sector of the married couple. In each case, November 1979—just over 17 bess of the sector of the sect these rises represent a 19.5 per cent uplift: costing £1.1bn in the current year and £2.7bn in a fult year.

The new rates for other social security benefits, together with today. It is not yet known whether improvements in the second tier earnings-related pensions will be announced this time. Under the curve States Under the new State scheme only persons retiring on or after April 6, 1979 hecame eligible for these pensions, or their company pension equivalent

This rise in basic state pen-sion is far blgher than that indicated in March by the then Prime Minister, Mr. Gallaghan He indicated that pensions would rise by ahout 124 per cent. an increase that included the shortfall in the uprating made last November because the rise in earnings had been underestimated.

The Ghancellor pointed out that Pensioners would be fully

per cent in price rises and just under 2 per cent for the sbortfall The precise hasis of the up-

rating is likely to be explained today by Mr. Patrick Jenkio. Secretary of State for Social Services. The Chancellor's announcement that in future the statutory uprating in pensions would

be hased on price movements only, is putting into legislation warnings that Tory spokesmen have been giving over the past year or so. Under the Social Security Act 1975, pensions are increased on the basis of earo-ings or prices whichever is the greater. Sir Geoffrey empha-

Sir Geoffrey emphagreater. sised that this change would be a minimum requirement that would fully protect pensions against price rises. But increases above this limit

would depend on the improvement in the economy. The legislation to implement that Pensioners would be fully this change is likely to be pension is exempt tax, a proviseriptions are dispensed every protected against the increase bitterly contested, since for the sion introduced in the 1976 year through the National

The Government is not pult-ing up the generat level of child benefits in November, thereby breaking the tradition of the previous Government. Ghild benefit payments, which child see family allowances and child tax relief, have been up-rated every six months since security benefits. heing introduced in April. 1977. But the Ghancellor has recognised the problems of one-parent families and the special premium on the first child is lifted from £2 per week to £2.50. This means that single parents will get £8.50 per week for the first child, against £4 per week normal child benefit payment.

One hig disappointment is that though the Government is bonouring its pledge to pay a Ghristmas honus this year, it remaina at £10—the same amount as was paid in 1972 when it was first introduced hy diately. the previous Tory Government. It should be at least £23 to have

The proposal to exempt completely war widows' pensions from income tax again fulfills a Tory election promise. At present, only 50 pcr cent of the Gurrently about 300m pre-

in prices, including the rises time being it could mean lower Finance Act. This means there Health Service although about that would follow the raising of pension increases than under are currently 80,000 war wildows 60 per cent of these are dis-the VAT rate. Thus the higher the current legislation. —more than half over the age of pensed free to patients. There of 70-of whom about 40,000 is to be no change in those are paying tax. Under this pro- exempt from charges.

The cost of prescriptions dispensed through the Health Service in 1977 was over £550m and other income. The present basic as such the additional £34m the weekly pension is £25.30, but the new rate wil be announed today with the other social Gbancellor expects to collect through the new prescription and dental charges will make little impact on the overall

Elsewhere, the Government's Health Service finances. decision to increase prescription charges from 20p to 45p was not The increased charge5 charges from 20p to 45p was not hrought an immediate attack wholly unexpected, but the size from Mr. David Sharpe, Presi-of the increase and its timing dent of the Pharmaceutical does perhaps come as a surprise. Society. Mr. Sharpe said the During the election campaign "heavy" increase would "raise During the election campaign the Conservatives said that still further the barrier be while they had no intention at tween patients and treatment" that stage of increasing charges The pharmaceutical profesthese could not he ruled out in sioo has always opposed pre-scription charges for thia reason and the new step. the longer term. Clearly having had a prellmi-nary look at National Health

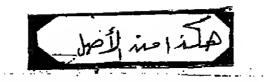
apparently introduced for fiscal Service financing the Govern-ment has decided to act immereasons, aggravated the prob-

lem, he said "Quite properly the chronic sick, the aged, children and pregnant women are exempted In announcing increased charges for prescriptions, Sir Geoffrey pointed out that Geoffrey pointed out that from these charges," said Mr. charges have remained the same Sharpe. "But they represent for the past eight years during 60 per cent of patients, which which time prices have risen means the remaining 40 per cent two and a-half times. has to carry the overall burden."

Eric Short Paul Tavlor

هلذامند للصل

the same real value.



THE BUDGET

IL.

INDUSTRIAL AID

Only the beginning of change

be industry will be to delay be payment of regional develupient grants and reduce the mount of employment aid avail-

nterprise Board will be little ffected, and there are to be arther talks oo how and when ome of the assets of the board nd of other state industries can

ome flbn in the current finanhe sale of part of the Govern-Joseph is to visit the regions ient's holdings in BP. Other to see industry operating at ites are also being considered first hand. cluding part or all of the ational Freight Corporation, ritish Airways, British Sugar

orporation, and the NEB. ill be taken into these organi-

British industry." What the Budget demon-strated is that Sir Keith Joseph, Secretary for Industry, and his Operations of the National major divisons on the detailed more than £100 and buildings opecation of industrial policy. The Budget therefore only contained measures required to raise the funds needed to balance the books.

e sold. Sir Geoffrey Howe said that te sales of assets would total now expected to be made now expected to be made during the next month or so ial year and that the biggest before Parliament's summer Further regional policy ontribution to this would be recess. But first Sir Keith decisions now being considered he sale of part of the Govern-Joseph is to visit the regions are likely to be more wide-rang-

The Budget measures do, however, reflect the direction of the Government's industrial and building by the state-owned proporation, and the NEB. employment policies because English Industrial Estates Co. In some cases private equity they form the first step in the poration may also be trimmed. gradual disengagement desired by the Cabinet. The largest part of the £210n1

grants. They are available to delayed as well as by various all projects in assisted areas for applications being rejected.

The NEB's £20m to £25m contribution is only a tiny slice of its £275m aonual budget and is cosling more than £1.000. These grants currently cost likely to be covered by a general the Government £420m a year slowing down of acquisitions and

and are to be cut by £145m. All new ventures. applications made from this Savings of Savings of fam each to be morning gowards will be examined in the usual way. If made by the Post Office and examined in the usual way. If British Aerospace bring the they are approved, payment will lodustry Department contribution to the Budget to £210m. be made four months later. The Department of Employment's contribution to the are likely to be more wide-rang- Budget is £172m, About 23 per

ing. They may include raising cent of the projected expendi-the £100 and £1,000 thresholds ture of £540m for 1979-80 on for projects, and reducing the special employment measures is areas. size of assisted areas. Factory to be cut. Another £47m is to be

taken from the Manpower Ser-English Industrial Estates Cor- rices Commission. The cuts will not generally

A further £55m of the £210m affect the areas of high unem-1110ns. Where this happens, by the Cabinet cuts will be split about equally ployment which Mr. James or special terms—an exercise which Sir Geoffrey Howe hich Sir Geoffrey Howe hich Sir Geoffrey Howe industrial support this year as £20m to £25m contribution by help. The cut to employment

THE MAIN impact of the possible participation by the part of the general pruning of the Department itself will have aid elsewhere is based on the induct on Government support people in the ownership of Government spending will be little impact on its operations Government's hope that per-provided by a delay in the pay and may be partly funded by manent jobs will be created provided by a delay in the pay and may be partly funded by manent jobs will be created there as a result of the overall ment of regional development. Some aid payments being there as a result of the overall there as a result overall there as a result overall there as some aid payments being delayed as well as by various aid Budget strategy.

None of the schemes is abolished outright. The Youth effect upon education of the Chancellor's proposed cash limit on the rate support grant. He announced an across-the-hoard Opportunities Programme will be reduced but the target of reduction in the rate support grant cash limit of £300m. employment or training for all unemployed school - leavera remains.

The RSG is the device through which central government funds about 60 per cent of expensi-Applications for temporary short-time working compensa-tion will catend to the end of ture by local authorities. total local authority spending, partly financed by RSG, is roughly £13bn, of which about March next year, but the pay-ment period will be cut from 12 to six months. The small firms' half is accounted for by educaemployment subsidy will be confined to manufacturing com-panies in the special develop ment areas and the developmen

The special temporar employment programice will concentrate on these areas and the inner cilles, and no further applications from clsewhere will be approved by the MSC.

John Elliott and Christian Tyler

Optimists, hnwever, were hop-ing that in deciding the details reductions in capital investment

The

will generally be gentle with £3m capital savings on medical education either by more schouls. Research funds will be severely curtailing other ser- cut by £5m, although huw the vices, or by putting up their hurden will be shared bytween local rates to produce extra the different sciences and social funds for schools and suchlike, studies has yet to be finally

There is no such puzzlyment devided, about the chi of about £55m. The volventional innversities from the roughly £2,000m of will lose £8m of their £714m educational monyy directly yon-recurrent grant. the Open Irnlied by rentral glovernment. University: £0,5m from its Of this saving, the £6m from £34.7m, and the voluntary col-a 20 per cent invrease in tuition leges £0.5m from their £4.7m. fees for overseas students is A further saving of fim is likely to create the loudest out expected because the number cry. But even at the new fee of students chaible for grants evels-from October, perhaps -predicted at 486.(48+-is now 5924 for a foreign under likely to be only around graduate and £1,212 for a post 473,000, graduate—the overseas students' But the subsidy to school

higher education will still be meals, traditionally regarded as about 60 per cent subsidised. sacred by the TUC, is for the The abandoning of two Labour most part being allowed to conabout 50 per cent of the cost of

Michael Dixon

OVERSEAS AID

Unenviable choice: jobs or rates

ENVIRONMENT AND LOCAL GOVERNMENT

OCAL COUNCILS face the leak prospect of either having , cut services and axe joba or limit on the amount it would be

cet ils full sbare of increases irrent year.

As a first step, £300m will be aal cash limit figure to meet ic cost of inflation on local "ithority spending. The reduc-on could be even higber sepending upon the ontcome of -ilure pay awards to council orkers.

The final cost will not be expected to rise by at least town until the local authorivs come to discuss the cash mit bill sometime

id would mean cuts in services comparability studies. is year and higher rales next

use rates following yesterday's prepared to pay to meet the cost udget measures to reduce of inflation. This was to come ablic spending. on top of £8.6bn Rate Support. The Chancellor made it plain Grant due to local authorities at the Government would not for the current year.

However, these figures were local authority wages in the based on only a 5 per cent increase in wages and around 8 per cent increase in local pped off the Government's authority costs and services.

Since this limit was set the annual inflation rate, based on the Retali Price Index, has risen from 8.1 per cent to 10.2 per cent. More importantly local authority wages arc expected to rise by at least 12

Settlements 10 date include local authority manual workers in ovember. and teachers. Both groups have The Association of District won basic awards of around 9 uncils said that the move per cent but with the promise sulted in a 3 per cent reduc- of further increases later in the in in grants from Government year following the results of

fore appear to he limited, with But council professional afait local authorities precluded from have still to settle and the using borrowed money to pay local authorities precluded from in 1976.

National and Local Government for current expenditure. But nation's largest employer with Officers Association are demand- sharp rate increases may be in the equivalent of around two ing a 15 per cent increase. While most councils began cularly as the Covernment further cuts in services could the financial year with substan- appears to he determined to also have an effect on jobs in tial cash balances, most of this contain public expenditure in has already been earmarked to this direction. meet current expenditure needs

Some Labour controlled counand is insufficient to cushion that they will raise rates rather than axe jobs in the face of the local authorities from further increases in pay and inflation. Clearly, unless the Govern-Government's recent request to ment meets its share of these freeze recruitment and reincreases by raising the cash appraise manpowet require-

limits, councils will have to find ments. the balance eisewhere, either from rate increases or culbacks. unavoidable with Government determined that local authori-Rates for the current year liave already been set with domestic rates rising by an average of 18.5 per cent in ties should reduce the volume of current expenditure by 3 per cent in the current ycar.

England and Wales. This com-Cuts in other areas such as pares with a forecast of single road repair and maintenance figure increases made by Mr. and educational books and equipment will in many areas Peter Sbore, the then Environniont Secretary, when the cash already have been made follow-limit was agreed last November. ing the last Government's Room for further cash raising attempts to control public expenditure which saw the inlruin the current year would thereduction of the cash limit system fears.

Local authoritics remain the

the pipeline for next year, partl- million full time workers. But other areas, notably the con-

struction industry. Following the squeeze in 1976 cils have already made it clear the local authorities did suc cced in reducing their work forces but in the last year numbers have been creeping up again.

ppraise manpowet require- Any cuts could hit hardest nents. at the large Metropolitan But some cuts now appear Authorities which have to combat all the problems and needs of decaying inner clly areas. The 36 members of the Association of Metropolitan Authoritles, which includes all the London boroughs, employ around 40 pcr cent of the 2m local government employees.

The AMA is to meet Mr Michael Heselline, the Environment Scerelary, loday to discuss its reaction to the Budget which has realised all its worst

Allocation cut by £50m THE ALLOCATIONS for the

Dverseas Development Ministry of Overseas Develop-

The ODA says that the cuits will be applied fairly generally. In 1978 the largest single recipient was India (£118m), while other countries which received considerable sums included Bangladesh (14:1m), Pakistan (£t8m), Zanibia (£33m) 1980 and warn against interpret- and Kenya (129m). At the other ing it as part of any inlended end of the scale Mozamhique received £5m, Vietnam £1m and

such yeslerday that he would work to

Nn specific countries have yet

British aid programme for 1979-80 have been reduced by £50m to a net figure of £790m. But officials at the Overseus ment is now called), The last Minister of Overseas Development Administration Development. Mrs. Judith Hart, claim that the previous year's had sought to halt the slide in British aid us a percentage of GNP. Lasl year it was about 0.37

West Germaoy and the U.S., but well below the 0.7 per cent target which individual developed countries have in principle accepted.

However, despile the culs, this fiscal year's gid in real lerms may still be above last year's. This is because Mrs. Hart had ensured that the allocationwhich is being cut by 6 per cent -was considerably above that for the previous fiscal year. In a statement issued vester-

day Mr. Isil Marten, Minister of State for Foreign and Commonwealth Affairs and Minister for Overseas Development, said

Andrew Taylor that the new aid programme would be 2 per cent above last

He was comparing the allnea- the tions for this fiscal year with Administration tas the former the outlum for the previous one,

allocations were completely used, through this has been questioned by some development economists. Officials state that the cul-hack is solely for the year 1979-

long-term trend. Mr. Marten sald that this year Angola £\$7,000. British contributions to multi-lateral aid organisations could of British bilateral aid was proorganisations include

total some £300m: these vided as grants. Mr. Marten said agencies as the international ensure that ald goes to the Development Association of the people most in need. This to World Bank, UN agencies and some extent echoes Labour's the Development Fund of the calls for aid for the "poorest of European Community. the poor." hut development European Community.

The emphasis of the cuts is connonisis are expecting some expected to be in bulaleral aid, changes of programme emphasis. David Tonge

Pessimistic educators might conclude that their sector will bear about half of the proposed conomy or ahout £150m, prohably at the cost of teachers' jobs in particular. The pessi-mistic view could be reinforced

PEOPLE WORKING in educa-

tion are apprehensive of the

by the fact that the Pay Comparability Commission is expecied to proposed further rises in schoolteachers' salaries-now effectively averaging £5,731.50 - at the end of the year.

of the savings, local authorities across education generally, plus

schemes will save a further tinuy. The Chancellor merety Ell.5m. These are the pilot pro- confirmed the previously ject of grants to sixth-formers announced rise from 25p to 30p costing £10m, and the setting in the price of the meal, still up of central bodies to supervise leaving taxpayers' funds to conhigher education in pulytechnics tribute about £400m a year, or

and colleges at £1.5m.

Room for manoeuvre

EDUCATION

25

SAVINGS AND DIVIDENDS

year's in real terms,

been singled out, according to

DEFENCE

All-round encouragement to thrift

'O BUDGET since the 195 as done so much to foster th wings othic. The big increas tax burden (the pending will in itself in a neg ve way he a powerful e ouragement in thrifi. Almo very other measure the Cha ellur aunonuced will be boo or savers. They will benefit from: Luwer income lax. A hig increase in th preshold for investment incon archarge. Higher interest rates. 1 The scrapping of dividen nutruls after nearly seve ears of restraint.

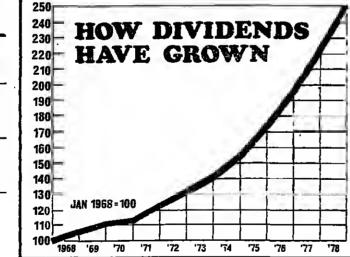
The casing of controls r nit trusis and other saving istitutions investing abroad. The scrapping of eurbs of ic purchase of sovereign rugerrands and other gol

Fur a saver nn a salary of 6.000 a year with £3.000 a year ross investment income, the udget will mean a tax cut of boul £475 if he is only claim- local authority loans.

COMPANIES WHI INDICATED THEY PAY MOR	WOULD
Сотралу	Possible dividend increase
BP	+ 105
Berec	+ 40
B5G int'l.	- 20
BTR Diploma	-: 20 -: 20 -: 70
Distillers	+ 35
Edbra (Hidgs.)	÷ 25
Electrocomponents	-i· 175
GEC Greene King	- - 65 -+ 30
Hanson Trust	- 25
Ladbroke Group	-1- 60
MK Electric	-+ 40
S. Pearson	
Reckitt & Colman	20
Rediand	+ 103
Shell Trafalgar House	- 50
Unilever	·L 73

Unilever Source: Phillips and Drew

boul £475 if he is only claim-ing a basic married man's per-mal allowance. Mure than half vontrols at the end uf next high dividend cover. Many he cut will come from reduced month brings to an end a companies had been getting ax on his investment income. The rise of Minimum Lending system which has been in force tate will mean higher interest. Its nriginat purpose dis-ment which applied in the case tate will mean higher interest. Its nriginat purpose dis- meni which app ales on hank deposits aud appeared with the ending of pay of rights issues.



Mr. Edgar Palamountain, chairman of the M and G unit Irust group, last night wel-comed the scrapping of divi-dend controls. He said: "Companies' shares are valued in terms of the dividends, more than profits. There are many companies whose shares would rise if dividends are increased. This is welcome news for unit

CAR LEASING

policy. In any case the controls were substantially relaxed last Argust when a new exception was introduced for companies

are particularly keen on income. Not every company will raise its dividenda but we hope that dividends will rise on average hy between 20 and 25 per cent and this increase should gn straight through to unit trust investors." Ther projections of dividend

trust investors because they

growth over the next year range from 10 per cent at De Zoete and Bevan to 20 per cent al Phillips and Drew. Unit trust investors will henefil from measures which will make it easier and cheaper

for financial Institutions to by pass the investment currency premium in buying foreign shares. Iostitutions which use toaos raised abroad to buy foreign shares wilt no longer he hampered by the "115 per cent cover" rule under which for vvery £100 of loao-financed foreign investment they have had 10 invest £15 in shares

bought through the premium rome. But according to the Henderson unit trust group, the change will have little practical effect bevause the banks which put up

the foreign loans will now insist on cover almost as large

Eamon Fingleton

THE ADDITIONAL £100m to bring them up to comparability. The Defence White Paper be included in the defence with civilian life, adding au-indicated that a number of new equipment programme this year other flll.am to the overall is intended primarily to ensure defence hill far 1979-80. that existing programmes do not slip because of inflationary

pressures on their hudgets. It is out expected that any part of the extra money will go on new programmes yet to be started.

The Defence White Paper, issued in February, prior to the election, forecast spending of f8,558m, equivalent to just under 41 per cent of the esti-mated gross domestic product foe the year at market prices. Of this, expenditure on equip-ment is estimated to account

for about 40.8 per cent, or The additional funding now current emphasis on improving £3,493m, with the biggest single envisaged, is aimed primarily defence capability, separate element belog "air systems"— at meeting the rising costs of funding would be arranged, and military aircraft and weapons procurement-at £1,44am. Subsequently, the Conservative Government made further inflation upseiting their 1979-80 pay awards to the forces, to budgets.

The only other major defence spending development in recent weeks has been the formal signature of con-tracts for another 164 Anglo-

Inflationary safety net

West German-Italian Tornado multi-role combai aircraft, worth about £1.5bn. But funds for this have already been carmarked in the

current and successive defence budgets through the 1980s, and will not therefore increase the overall spendiog during the current year.

existing (undefined) equipment no part of the additional £100m programmes, which might other now envisaged would be likely wise fall behind because of to be used for that purpose.

equipment programmes were heing studied, including project definition of a successor to the Sea King helicopter, work on new torpedoes and electronic

equipment, and new guided weapons such as the P3T antiship sea-skimming missile. Majur programmes already under way, on which costs can be expected to rise in the

current year, include the two further anti-submarine cruisers, Illustrious and Ark Royal. nſ

Should the Ministry Defence decide in ils studies that new programmes should be iniliated, as a result of the

Michael Donne

TRANSPORT

for lorries already taxed mure

Rail cheer; roads gloom

British Rail, effectively con-firmed this last night when he

hold prices this year." Although a decision will not be laken by the railways board uotil the end of the mooth. there was near jubilation among rail officials yesterday at the news that the Government had avoided cutting the railway's passenger service grant. In addition, the 10p per gallon rise in the cost of petrol and derv will make British Rail more competitive in both its

freight and passenger divisions. British Rail does not pay duty on the oil used by its diescl trains.

Although the railway's fuances remain right, following a 9 per cent pay settlenicni and the costs of last winter's strikes, Transport Association. The roads budget received its

RAIL FARES atmost certainly the lower limit in capital spend-will not be increased this the lower limit in capital spend-autumn, in spite of the Budget's ing can be accommodated in the Trunk road spending is to be f15m cut in British Rail's ex-short-term. An autumn rise of reduced by f10m, or 2 per cent, around 10 per cent had been This cut cumes in spite of warnings from road engineers The cut in the capital spend- of a large backlog of essential

ing cash limit could turn out to be largely a notional one if the pattern of recent years is ned caused damage which will repealed and British Epil again underspend its capital budget because of equipment supply problems.

For road transport, the with the tighter limits on rate Budget makes gloomy reading, support gran payments to local The British Road Federation authorities. This is bound to estimates that total users spend-have some effect on councils' ing on road transport will go transport spending, especially up by over 4 per cent, or £900m. on roads and buses. Buses will The freight transport indus- also suffer from the higher fuel try had hoped that diesel fuel costs.

The logal road maintenance highly than perrol, would escape hudget, at 2539m, is five times yet higher taxation. The in- larger than the Government-run crease imposed will put up trunk road maintenance budget industry's transport costs by and would seem a likely target 1.5 per cent, says the Freight for further economies.

Ian Hargreaves

End to 100 per cent allowances

dlowauces only.

Taxis, private cars, and cars June 12, 1980. minuting anowances which con- to be a restriction in the victing that the change of law mance house in which Lingds the units lo quuity for a first year deductibility of hiring charges would not have a significant Bank and the Royal Bank of

THE GOVERNMENT propose allowance irrespective of the for cars costing over £3.000. In slop claims for 100 per cent length of the lease. Instop claims for 100 per cent irst year allowances in respect it private motor cars leased for he medium to long term, and o go hack to the originat inten-ion of the 1971 Finance Act if 25 per cent writing down illowances only. Intended to apply to cars pur-chased by lessors after June 12, 1979, but with the normal intended to apply to cars pur-chased by lessors after June 12, 1979, but with the normal intended to apply to cars pur-chased by lessors after June 12, 1979, but with the normal intended to apply to cars pur-chased by lessors after June 12, 1979, but with the normal intended to apply to cars pur-chased by lessors after June 12, 1979, but with the normal intended to apply to cars pur-chased by lessors after June 12, 1979, but with the normal intended to apply to cars pur-chased by lessors after June 12, 1979 so long as the car is let not later than June 12, 1979 so long as

Taxis, private cars, and cars shieh are hirud on a daily or short term basis will qualify for thore per cont first year allow-ances for the more expensive to restrict writing down allow-ances for the more expensive to restrict writing down allow-ances for the more expensive to restrict writing down allow-ances for the more expensive to restrict writing down allow-ances for the more expensive to restrict writing down allow-to restrict writing down allow-ances for the more expensive to restrict writing down allow-to the same person for iess than the expenditure at consecutive days and less the will be at the rate of £2,000 the days and less the days and less the ance will be at the rate of £2,000 the days and less th 30 consecutive days and less ance will be at the rate of ±2,000 decision by the Special Com-houses, including North West (han 90 days in the aggregate in a year (previously £1,250) so missioners also had a significant any period of 12 months. An exception is the car leased to a disabled preson receiving mubility allowances which con-to be a restriction of the dicting that the change of law the car cost of be a restriction of the dicting that the change of law to be a restriction of hering charges would not have a supplicant the car cost of be an extended being that the car leased to a disabled preson receiving to be a restriction of the dicting that the change of law the car cost of be an extended being the car cost of be an extended being that the change of the car beau to be a restriction of beause would not have a supplicant bank and the Rouel Bank and the Rouel Bank and the Rouel Bank of the car beause of the car beause of beause of

limited to a specified figure, and the Chancellor is determined

£640m, a figure more than 10 umcs greater than the previous

var leasing activity. Motor car leasing by ELA members is estif500m a year, amounting 10 betweep 15 and 20 per cent of the business car market.

The orineipal motor car lessor is Lombard North Cen-tral, the National Westminster Bank finance house subsidiary, which provided around £100m of this form of finance in 1975. Next in line is Mercantile Credit, a subsidiary of Barelays Bank. These two are followed by a group of three finance houses, including North West of Scotland. Bowmaker, part of

effect on the current level of Scotland have large stakes. var leasing activity. Motor car Car leasing has attracted leasing by ELA members is esti-mated at between £400m and avoidance. The best knowo £500m a year, amounting to between 15 and 20 per cent of the business car market. Car leasing has attracted avoidance. The best knowo abuse involves the use of option purchase schemes whereby an employee of a company, or a The orineipal motor war connected parts is allowed to connected party, is allowed to huy a leased car after, say, two years at a price which can he a lot lower than what the car is eventually sold for on the used car market. Leading lessors

have always denied any involvement in such schemes, and they now mainlain that a statement from the Inland Revenue in July 1978 has all but eliminated this aspect of car leasing.

David Wainmain and Michael Lafferty

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Financial Times Wednesday June 13 1979

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Wednesday June 13 1979

A manifesto Budget

SIX WEEKS agn the country voted for a radical change of direction and yesterday it got it. The Chancellor can be accused of running some essentially short-term financial risks and for daring to be provocative; and in some instances he has heen less than bold in using the price mechanism. But he certainly cannot be accused of any general lack of boldness. On a full year basis, he has cut taxes on income by £41bn, and raised indirect taxes by £4bn, and he has made an unprecedented assault on public spending in the current year. For the short term this is a strategy of high risk; for the longer term it could hold great promise.

Style of Government

Part of the risk lies in the general style of the new Lovernment. In cutting the higher rates of tax and raising VAT. as in earlier decisions on high pay, civil service manning, the armed forces and the police, Mrs. Thatcher's administration clearly prefers to go directly for its preferred solutions. This, in our judgment, is the right choice. In the short run, it will undoubtedly provoke all the militant forces of disruption; but that has always been inherent in the Conservative strategy.

However, a shift in the tax burden to restore incentive and a cut-hack in the State's activities to restore free choice, were only two of the four objectives the Chancellor set himself. The other two-hetter financial balance and greater realism in wage bargaining-are much more problematic.

The wage outlook can only be judged against the background of the general outlook for the economy; and here the official forecast of a 1 per cent decline in national income in real terms sels the general tone. In the short run, at least, the Budget imposes a substantial and painful squeeze on the whole economy.

Constraint will be intense

The necessity for an immediate rise in Minimum Lending Rate to a crisis level of 14 per cent is one clear sign of this. The sharp rise in sterling which resulted from these very attractive rates despite the relaxation of exchange controls is another. The constraint on credit and the pressures of foreign competition will both be intense. Against this background, the Chancellor's warning that over-ambitious wage scattlements will put jobs at risk is nn rhetoric; it is a description of the actual situation facing all but the most successful employers.

The fact is that although Sir Geeffrey spoke of the necessity to make a full fiscal contribution to the control of the money supply-which would have eased the pressure on interest rates-he has been largly unable to do so in the 10 months remaining of the present financial year. Cuts of about film in current and in capital expenditure have served only to get the borrowing requirement back near the path which Mr. Healey had laid down-and then seen slip almost beyond reach through excessive commitments on public sector wages.

ECONOMIC ASSESSMENT

A very conservative Budget

THE Budget is iotellectually when the IMF is asking for as well as potitically a highty emergency curbs, As Professor Alan Day, who

THE BUDGET

12

tant

they give is that of the usual

Treasury trawl for economics,

which takes place for instance

conservative one. The shift to As Professor Alan Day, who a 15 per cent VAT rate is a recently announced humself a Financ victory for the political hawks, convert to the ranks of Conservative voters, has just renot the economic ones.

minded us, neither the overall The monetary and fiscal rate of UK taxation nor that of stance is not particularly antipersonal taxes on income is oppressive by international inflationary. Indeed it is no more so than the sort of Budget that Mr. Healey and the Treasury Knights would have standards. The irrational and distorting features of the British tax system have been the high prescribed. Yet it needed th marginal rates at the top and the absurdly low tax thresholds be a good deal more so if the combination of a shock increase at tha hottom. The reduction of in the retail price index and the top marginal rate to 60 per the abandonment of wage guidelines was to have a chance. cent is long overdue and could well have been undertaken on its own at a ncgligible revenue cost A great deal was said about improving the supply side of and at a largely imaginary political one. This could have been done by either Sir Geoffre: the economy. But the policy change, which involved the or Mr. Healcy, without the up-heaval of the other changes. largest cash sums, and into which the greatest amount of political capital has heen in-But there is a much more vested, is in the shift from a 33 per cent to a 30 per cent fundamental point. 1 remember pointing out at the time of a basic rate of incometax, paid for by a 15 per cent VAT. Maybe in the eyes of some somewhat similar Barber exer-cise in 1970-71, that the real thresholds for the higher tax Labour leaders it is an atrocity rates would rise quite fast as a on a General Amin scale. and in the eyes of a few Consy varesult of inflation without a Labour Chanceltor having to do tives the beginning of a new anything at all. Yet with all heaven. But to an economic the benefit of this experience analysi-even one whose prethere is no indexation commitference is for allowing indivimenl. nor even any allempt in the Budget speech nr the duals to make their own chnices wherever possible-the accompanying documents to separate out the real clement malter seems rather unimporfrom the many tax and benefit changes from those which be no merely compensate for infiation, prices Indced Sir Geoffrey has But actually taken a step backwards econor Whether through PAYE or prices in the shops, the ordinary family stilt pays roughty

the same amount of tax. To the extent that this family on indexation, by not adjusting the specific duties on drink and tobacco in line with inflation as pays slightly tess, it is because of the public spending cuts and not the tax switch. It is difficult Mr. Healey would probably have done in his place. The modet which the present to assess these cuts in an instant. But the immediate impression

Government had in mind was careful look at the wording prevented two successive Chan- Geoffrey spoke of the "progres-not Lord. Barber, but Lord shows that it is at an annual cellors from indicating a tonger- sive dismantling of exchange Butler's reforming Budget of rate from mid-June to mid- term approach. My suspicion all control " instead of merely .

PUBLIC SECTOR ACCOUNTS									
inancial yca	rs Financial deficit	Net leading to private sector, and other financial transactions (net)	Borrowing requirement						
1970/71	(02)	1.0	0.8						
1971/72	0.7	0.3 ·	1.0						
1972/73	1.0	0.6	2.5 -						
1973/74	3.4	1.1	4.4						
1974/75	6.0	1.9	7.9						
1975/76	8.2	2.4	10.6						
t976/77	7.2	1.3	8.5						
1977/7a	5.9	(0.3)	5.6						
1973/79	7.5	1.7	9.2						
1979/80*	7.2	1.1	8.3						

Budget estimates. Figures in brackets are surpluses or repayments.

N.S.-The borrowing requirement in the final column is the sum of the

first two column Source: Financial Statistics, Financial Statement

1952. But the analogy does not April. As the Chancellor gave hold. Lnrd Butler undoubtedly more than a strong hint that removed structural distortions monetary growth had been by slashing food and other sub-sidies, while increasing henefits for those worst off. By contrast, the present Government has refused to use the price mechanism to make sure that all forms of energy

sell at world market levels. The Chaocellor had hardly sat down before a piece of news agency arrived saving that there would be no increase in domestic gas

economist finds little to cheer in

defiance of the conventional wisdom, when both market pretty exptosive in the April to June quarter, the odds are that Chancellor with no alternative. over the whole financial year It will be higher and not tower than Mr. Healey's S per cent tomaterial is that the forecasts not 12 per cent range

ooly have their margins of error Even this might not bave prominently printed; in addi-mattered if Str Geoffrey had tion the alternative variant suggiven, as he had suggested in his pre-Election speeches a gests that the one hope of achieving some positive growth medium-term plan with figures of output is for people to go on a fnr a gradual reduction in spending spree monetary growth in future ratio to drop. spending spree and the savings ratio to drop. If economists, But if the social market years. The real shortcomings officiats and businessmen are of Mr. Healey's monetarism was made to think more deeply about economist finds little to cheer in of Mr. Healey's mometarism was made to think more occupy about the Budget details, he will not its short-term hand-to-mouth using such forecasts as their find much enmpensation in the nature. The unhelieving and main instrument of economic overall financial arithmetic. The ritualistic nature of the analysis, some purpose will have new monetary target of 7 to 11 Treasury's acceptance of the been scrved. per cent, appears to be a reduc-nonetary approach to inflation I could find only two favour-tion on Mr. Healey's. But a shows in the way that it has able surprises. One was that Sir

along was that this was the relaxing it. Secondly, in the ecoissue on which the Treasury nomic forecast "the exchange would fight hardest and, because rate is taken as determined of its subtle non-partisan primarily by market forces." nature, indeed win. One hopes this means what it nature, indeed win.

How about that famous Public says and is not a counterattack Sector Borrowing Requirement? by those in the Treasury who At £8.3hn, it looks for all prace want to move from the Scylla of tical purposes the same as Mr. Mr. Healey's commitment to a Healey's £8.5bn target. There is constant exchange rate to their want to move from the Scylla of Mr. Healey's commitment to a thus no anti-inflationary rein- own Charybdis of a planned depreciation.

If Sir Geoffrey had taken no Taken by itself, the switch action, the estimate for tha PSBR would have been £10bn. from direct to indirect taxes would have meant only a mild The properties of the Treasury economic model are such as to and sbort-term risk of Increased wage push. The risk has been suggest that the means chosen to reduce the PSBR will reduce increased by making it at a time when the underlying rate of inflation was in any case rising.

the growth of output by 1! to 2 per cent. This yields on the conventional economic arith-metic, which neither the Chan-Incidentally, who will believe that the error in the Treasury's forecast of a 16 per cent in cellor nor his Shadow believes. prices in the year up to next autumn is only I per cent. This an actual fall in output of 1 per cent in the year up to the first margin is slmpty an average of balf of 1980. The action on the PSBR is hardly a courageous past errors rather than a realistic estimate of present un-

certainties.). The inflationary risk is further compounded by a very unambifactors and his predecessor's commitment left the present objectives. To add still further to the riska, Ministers have been The one intellectual innova-tion in the whole batch of budget talked out of any longer-term monetary or fiscal targets. Indeed all we are given fnr. slightly further ahead is a fore-cast that inflation will fall to the magnificently ambitious level of 14 per cent in the year to the third quarter of 1980-this time with a more realistic margin of error of plus or minus per cent.

It is difficult to avoid the impression that the Budget has been almost deliberately drawn up to vindicate those in the Treasury who confidently expect a wage freeze next autumn fnl-

lowed by a return to pay controls.

Samuel Brittan

SUL

The Chancellor's act of faith

POLITICAL ASSESSMENT

NO-ONE can say we had not been warned. Sir Geoffrey the Labour Party thought- manifesto, wrongly as it turned out-that There w Howe's first Budget turns out tn be almost tn every respect the Budget according to the Thries proposed to raise the rate to 121 per cent. Sir Geoffrey has gone to 13 per Conservative Party manifesto. The notable exception is the two point rise of the Minimum Lendcent straightaway.

ing Rate, brought about no doubt partly by the poor trade figures and partly by the need to reassure the City. It is an exception which Sir of VAT are likely to he onceand-fnr alt measures. The Chan-cellor said as much when he Geoffrey would bave wished to avoid, not least because it could yct have a depressing effect on stressed that the effect of the avoid, not least because it could tise of VAT on the retail price yct have a depressing effect on industry at the very time when Their importance, however, lies the Chancellor is seeking to more in a statement of philo-emphasise his friendly inten- sophy than in any immediate. also a reminder impact on the economy. They are of the difficult clrcunistances in a sign that the Tories inlend to which he is operating. fulfill their promises. The philosophy runs through-out the budget statement, just For the rest, almost everything contained in the manifesto is contained in the Budget. Inas it did throughout the manifesto. There were almost count-less references to the need for dced even in those areas where, in party terms. Sir Geoffrey greater freedom of choice, to the limits of Government power, has chosen to be bold. The top and to the need to restore inmarginal Tate of income-lax, for centives. Even where Slr Geoffrey exampte, has come down to 60 per cent—nr the pramised cnuld not afford to be as botd European average—in one gn. as he might have wished—such The Chancellor would not have as the tower rates of income tax been unduly criticised If the reor on early sales of govero-

There were nue or two areas, nationaltsed industries, it had the Conservatives on the however, where there were run hy suggesting that the strung hints that future action was already preoared. The increase of VAT, for example, should bring in over £4hn tn a full year, just over twice as Both the cut in the top rate much as ln 1979-50. As the of income tax and the increase Chancellnr pointed out in pass-of VAT are likely to he once-ing, there must be a link there with tax cuts still to come. Yet if the contents of the

Budget were largely fore-shadowed by the election pledges on ton are the omissions. The most striking example is energy. The Conservative manifesto was weak on that

cost llmits imposed on the nationalised industries, There must also he a major the fact that those on higher that is worth stressing. The question mark over incomes pay will benefit considerably manifesto made no promises of policy, especially in the public more from the income tax cuts. economic growth, nor did indisector. Here too the manifesto was deltberately vague in an implicit admission of long standing disagreements within the Conservative Party. It cannot be said that the Budget speech.)

takes us very much further. In the private sector it is clear that the Government intends to rely on the control of the money supply and the good sense of emptoyers and trade unions. In the public sector the main weapon will be if it is in a state to use it. the stricter enforcement of Those are the realities. The

Attention is more likely to about the continuity between (It may be significant that Sir vidual Tories during the course Geoffrey did not quantify the of their campaign. What they benefits to high income earners promised instead was to create In the course of his Budget the conditions in which growth can take place.

There will also be a great deal more to be heard about the level of memployment. Any increase that seems to have been caused by putting Tory policies into effect could be The Budget is the Government's first attempt to put its philosophy into practice. Sir Geoffrey still quite deliberately powerful ammunition to the unions, and to the Labour Party

refrained from saying that any particular rate of growth will follow. Indeed on the sbort-term economic prospects in general be was bleak. There was

Worsen markedly this year

The increases in indirect taxes will produce revenue in arrears—a shortage rather more than covered by the proposed sale of public secto assets. While there is some marginal relief for corporate cash finw-forecast to worsen markedly this year—through accruals of VAT, the sales of public sector paper, including real assets, will remain a virtually undiminished burden on the markets.

It is of course true that a squeeze was in any ease unavoidable. The new target rate for monetary growth 'is not as low as it looks, since it will start from a base of two months of unduly rapid expansion, but on any interpretation it is well below the expected increase in prices and personal incomes; policy is thus effectively much Lighter than it was last year.

This has an impact both on the exchange rate and on the balance of payments. The squeeze on industry is therefore likely to be still lighter than the rise in inderest rates and the forecast fall in national income would suggest. The collision between cost-inflationary allundes-further inflamed by the rhetoric which will greel Sir Geoffrey's measures—and the limitations of the real world will be violent. A tighter fiscal squeeze. leaving some breathing space on the monetary side. would have been more manageable.

This, however, is a short-term view. In a full year the result of the spending cuts and the revenue from VAT will both bring substantial further help to the FOR THE first time in 40 years borrowing requirement, while the constant-price cost of the new income tax levels will be unchanged. There is therefore tirm ground for hoping that the credit crunch is temporary-and timed, perhaps, to match the expected crunch in the labour markets-

Market prospects encouraging

If the markets look over the hill, the prospect is much more encouraging; and if the main effect of the Budget is on short-term rates, it may also be quite shorttived. There is strong reason to believe that consumer domand for credit will fall quite sharply once the shopsing spree in anticipation of a Tory budget ends this week; and the depressed short-term outlook will not encourage commercial expansion or stock-building. The Budget, in short, will result, as much from the

pressures in the labnur market and the depressed external outlook as from any plan of a Chancellor who las foresworn demand management, in a short, sharp mock to the economy, though possibly a relatively short me. It is altogether too much to hope that such a shock will cure inflation quickly; labour markets have in far scemed unimpressed equally by tax cuts and risks n jobs,

Later, when a better balance between fiscal and nunctary restraint can be achieved, and when the effects of the change in tay balance on prices have worked their vay out of the statistics, the going should become easier n many respects; it may even be possible to plan for he balance of payments surplus which is appropriate to sur oil wealth and required for industrial health.

4 change in direction

2.1

Even now, a better balance could be achieved by still nore boldness in one respect: a rise in oil taxes which could do something effective to harness market forces o the national need for economy. Some relief may be ceded from what looks at the moment a monetary and xchange rale squeeze. But these would be marginal banges in an unchanged basic strategy: a change in irection which offers hopes for the future th help us ct through what looks like a very rough year.

most pressing problems since coming to office. The increase of the price of peirol is rela-tively mild; the price will not rise substantially. The shaping of an overalt

Exchequer, hut at teast he next wage round gets Under could have had an influence. way. Yet one wonders how It would seem that the Govern- many trade union teaders will ment remains unsure what its be impressed by the Governduction had been somewhat ment assets-there were energy policy will be, and it ment stating that the man on smaller this line. There has been similar bold later. This admission that it is down in general against an a week better off after taking ness in the approach in VAT. During the election campaign once is also in line with the as a consequence of the tighter and the cuts to direct taxation.

EXCHANGE CONTROLS

A new measure of freedom

subject and the Budget remaios so, despite the fact that ministers have found energy limits. There will also be a great deal of exhortation or, as SIr Geoffrey put it, of making supplies to he one of their sure that people understand the consequences of their actions. The cuts to direct taxation

will not doubt be used in this battle for the hearts and minds of trade union negotiators, and it is relevant that the backenergy pulicy may not be the dated cuts to tax will put money task of the Chancellor of the into people's pockets as the

will come in the altumn as the pay bargaining begins in earnest. It would be wrong to assume, however, that prepara-tions for a pay freeze have already started. This is the Budget of a Compression data Budget of a Government determined that its policies should be carried out. The problem is simply that it has yet to be shown that it can be done. There is one other point

not even the suggestion of any manifesto was unspecific about early rise in output. The problems, he said, were those incomes policy, and the Govern-ment is unspecific still. The test of supply rather than demand. will come in the autumn as the The Budget therefore remains an act of faith. There is no reason to helieve that either Sir Geoffrey or Mrs. Thatcher herself would claim anything different. What is clear beyond douht, bowever, is that for good or ill the Government is determined to turn its faith into action

Malcolm Rutherford

International Managing Director

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the British Chancellor of the abroad will now he tinanceable Exchequer has committed himself to a " progressive dismaniat the official rale if the inling of exchange controls." The vestor so chooses. steps in this direction an-For private individuals the nounced yesterday could not he most significant development is a surprising new freedom to described as revolutionary-in acquire property abroad. This is quite possibly the most poliparticular there was no hint of ahandoning the undertying printically overt gesture of the whole Exchange Control packciple that British residents acquire foreign exchange only hy permission of the Governage. Purchases of prnperty must no tonger he made via the investment currency prement and the Bank of England --but within this constraint a significant new measure of free-

dom has been created.

allowance.

mium, and payments to nonresidents for the purchase or improvement of such property will be allowed via the official The most noteworthy step in cash terms is the decision lo exchange rale, up to a limit of atlow British companies much £100.000 per family per year. On the other hand existing pro-perlies hought via the premium greater financial freedom to invest in plant and in companies abroad. Companies will now he will no longer be able to be able to invest official exchange sold at the premium rate, pr -foreign currency bought at the proceeds used for other the market rale-to the value of up to £5m per project per year. They will be able to premium investment.

The Government has also choose whether and to what exdecided to allow more money for foreign travel. Control over tent they repatriate the earnings of their overseas investtravel expenditure has effectively, if not officially, become pretty tax of late, but the UK resident is from now on allowed ment: till now they bad to send two-thirds home. Any overseas borrowing would be repayable to draw £1,000 per journey in with official exchange over five foreign exchange from his hank without reference to the Bank years, to the extent that this requires more than the fom of England-up from £500 pre-viousty. Businessmen arc now This change fulfills what permitted £5,000 (£3,000) or was the main desire, in the £200 per day (£1001 for busi-nesa trips. Emigrants from the area of exchange controls, of the Confederation of British UK can now take out £200,000 (with any excess held hack for Industry, Till now, investment overseas at official rates of exfour years)-previously the allowance was £80,000 for the change was heavily circum-scribed — in particular by a "supercriterion rule" which EEC and £40,000 elsewhere. Allowable gifts and payments to dependents abroad have now been increased to £10,000 per Insisted that the foreign currency pay-off uf any overseas direct investment be very rapid indeed, in practice, the greater donor per year.

part of all such investment had to be financed by local borrow-ing. The Treasury estimates

that some 90 per cent of all nf pnrlfnlio investment. The hanks for a once and for all gain cases of UK direct investment first of the two "modest steps" of abrut fibm to the British announced by the Chancellor is balance of payments as overseas that investors will no longer traders unwound their sterling have to hold overseas securities debts. and investment currency worth, The Treasury and the Bank together, 115 per cent of all foreign currency borrowed 10 of England make no attempt to quantify the effect of these

finance his overseas portfolio relaxations on the British investment. The effect of this balance of payments. The was to force such investors to greater the tack of confidence huy more premium currency if the value of their shares on The other step, which should

also marginatly reduce the demand for premium currency, that interest on foreign currency borrowing for port-folio investment will now be payable using official exchange. Basically, therefore, this Budget does not coolain major shocks for the investment dollar premium, Iwbose value is chiefly concerned with portfolio investment) which it has not

already absorbed. The Government's conmltment to a dismantling of exchange controls must confine the premium to a lower range than hefore. Finally, the Chancellor has

now decided that the British public may now buy, sell and botd gold coins without restriction. In 1975 investor interest in Krugerrands prompted the Government to ban the further import of gotd coins minted after 1937, except by authorised dealers.

In the absence of major concessions on portfolio investment abroad the most interesting change for the City of London's invisibles " business is that the Chancellor intends 10 re-allow London banks to finance trade between third countries in This right was sterling.

The area of exchange controls removed in the winter of 1976. where relatively tittle new lee- thus sacrificing a traditional way has been allowed is that overseas business of British

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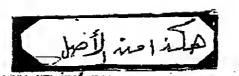
adverse impact on the halance Wall Street, or elsewhere, fell. of payments will he. It is also pninted out that any outflows for investment purposes will yield inflows of foreign income in time, Certainly the initial reaction in the currency markets yesterday, where the pound rose strongty, did not suggest widespread fear that an exodus of British savings would now result.

Perhaps significantly Chancellor did not justify his exchange control decisions with the argument that the relaxations might help to hold the sterling exchange rate down to a level which would keep British exporters happier. He took the strength of sterling as a "given' and used this as a justification for giving both companies and individuals wider freedom of choice."

in Sterling the greater their

Countering Labour Party hostility to the relaxations he argued that the greater freedom of British Industry to invest abroad would not threaten jnhs in the UK:" the weight of evidence is that overseas investment generally strengthens our position in world export markets to the benefit of output and jobs in this country, he argued, adding that "additional investment overseas will sland us in good stead when the overseas earnings from North Sca oil continne to decline."

Nicholas Colchester



INCOME TAX CHANGES .

REAL DISPOSABLE INCOME

big boost to the pocket

BASIC rate of income tax tuced from 33 per cent per cent, and the Chaos stated aim is to get it to 25 per cent in the few years. Taken with increases in personal nces, (of 5280 for a marian and £180 for a single i) these changes could be ed os generous.

THE BUDGET

archetypal married man two children under 11. has taxable income of will find £295 more per i reaches his pocket and ife's bandbag than last (The child benefits of r child per week going ves were increased in and Sir Geoffrey bas not ed them. There is also il increase between last and this in the burden tional insurance deduc-

ur married man is earn-10,000 per annum, he s an additional £120 g him £415 to the good e in the basic rate band, £1 of income is worth istead of 67p to bim. ve the basic hand-that is, a taxable income for a d man of £11,815 --- the

are:

£2.000 at 40% £3.000 at 45% £5.000 at 50% £5.000 at 55% t at £26.815 the top rate per cent is reached. At igure, a tax liability of 2 compares with £13,934 our married man would baid at last year's ratesat to his spending of no 1an £3,572.

120 100% GROSS £2,000 14 3.5 15 A CHIEF B. 11 £3,000 The Art of £4,000 1975 1976 1977 1978 £6,000 £10,000 EA.T. £15,000 £25,000 40 207 60 100 120 30

the Chancellor specifically re- took 10 per cent of dividend jected in his speech. He does income between £1,700 and £2,250, and 15 per cent of each not describe the process of letting taxpayers keep more of £1 thereafter. (For taxpayers generous. generous. being over 65, the 10 per cent applied from £2,500 and 15 per cent

cent rate applying in the case of young and old alike, but only to investment incomes of more than £5,000. The Chancellor made no mention of any reduction or change in the 15 per cent lax charge levied on the income accumulation and discretionary trusts.

Although tapayers over 65 are no longer to have any pre-ferenliat treatment for the investment income surcharge, they do benefit from the increases in the age relief tof £380 married and £240 single1. With an income wholly in the form of pensions of £4,000, for Instance, the married couple will find their tax bill reduced by £149 to £426.

Age allowance used to be tapered out for incomes over £4.000, but this threshold is now raised to £5.000. The "marginal relief" continues to operate by taxing each £1 of income above that at 661 per cent. Simplification to a Censerrative Chancellor means taking taxpayers out of tax. He has removed 1.300.000 people from the tax net by raising the per-

by combining the personal the apparent standstill in their allowance increases with the real disposable income? Particu-

become payable. Real spending power in bis punishing 20 per cent.

pocket is still what budgeting i additional fl of income generous. Iter leaves 40p in his He has dramatically reduced from £2.500 and 15 per cent means in the individual tax-rather than 17p, the impact of the investment The current proposal is that this. It is based on the crosity was a word which income surcharge. It previously there should be a single 15 per assumption that during each of David Wainman

the three years of pay policy which ended in August, 1978, the taxpayer concerned achieved no more and no less than the maximum permitted increases in earnings. In the increases in earnings. In the year since, pay policy has effectively ceased to operate be is assumed to have achieved income growth of 13.3 per cent. ycar

has been added in. produces the net spendable income figure which the taxpayer is left anticipating each year when the Chancellor sits

down. Finally, these net spendable income amounts have been in-dexed in line with the Retail Price Index. At the lower income levels, some improvement in real disposable income began to show through a year ago. It is, however, only in this Budget that the Chancellor has dramatically reversed the trend of sonal allowances to the levels earlier years and bas given he has. (Mr. Healey would spending power to the people. only have removed half as many After last year's Budget the if his April proposals had been table in my article was headed put into effect.) "the nagging doubts remain." Sir Geoffrey bas also Could this country's entreachieved a reduction in the preneurs, managers, and skilled numbers paying any tax at more labour-force be sufficiently than the 30 per cent basic rate, mobilised and encouraged by

£2,000 rise in the threshold at larly when that income itself the collectors go hack to the which the higher rates first had been effectively cut during factories with the results of two years before that by a

The table now shows a strong

David Wainman

MEN AND MATTERS

By-passing the Copperbelt

The suggestion that security bazards may cause a recon-sideration of the Queen's visit to Zambia for the Common-wealth Conference is underscored by news of that country's problems in recruiting Britons

for its mining industry. Zambia's copper mines employ more than 3,000 expatriates --metallurgists and similar specialisis. In colonial times, these came almost exclusively from Britain and South Africa. At the moment, there is what an official calls a "desperate shortage" of imported skills. Recruiting is now going on as far afield as Sri Lanka and the Phillipines to make good the shortfalt.

1 tearn that few graduates from the Royal Schoot of Mines, Brothers Limited, the major Sin-gapore and Malaysia car traders. Now be says he is about to take up—at the age of 60—"a senior position in the European at Imperial College. London, will no longer go to the Zambian Copperbelt-once a prestigious automotive Industry." Paradise refuses to name the company, but says there will be an an-nouncement at the end uf this Start to a mining career. Curfews, robberies and food shortages are held to blame.

Instead. Britain's young metalturgists are applying for month. jobs in Australia or Canada-1975, its post-lax profits had fal-len to \$\$2.9m, but by 1978 had risen to \$\$17.1m (£3.8m). Wearne is part of the "informal and increasingly to our own Coal Board.

Collector's items

Smokers who feel even more breathless than usual after Sir Geoffrey Howe's stint yesterday are still unlikely to try the Indonesian solution. Cities such as Jakarta bave armies of dogend collectors, who walk around with long tweezers and tin cans. Most in demand is a popular brand of cigarette which con-tains cloves-for the cloves are costly. At the end of each day their freelante enterprise. The recycling process gives employment to thousands.

could not comment.

Bullish pensioner

Like boxers, bullfighters scem

bullfighter. El Cordobes, to restrue his cape-naturally, after some well-publicised Paradise regained

agonising. Now 43, he retired The European car business will six years ago, but insists his return has nothing to do with money—"I've got enough," And shortly be stimulated once again by the ebuillent personality of Filmer M. Paradise. After four years in the Far East, he is returning to Britain, where he indeed he has two splendid farms and a private zeroplane. was sales director of Leyland cars until 1975. The Americanexcitement of the ring, of which horn Paradise, known for h he should find septy when he large clgars and energetic tennis, worked with George resumes his career next month. True to his morthodox form, he Turnbull at Leyland. Will he he coming back to Chrysler, where Turnbull is now chairman will fight not two bulls but all Six Despite criticism of Cordubes'

and managing director? style by purists, and hy others When Turnbull was on his that he was enriched by Franco way back from Korea, where he inho cultivated bim os a created the Pony car industry, national symbol of Spanish mashe stopped off in Singapore for culinity) bull-fighting needs a a holiday with Paradise. That boost like Cordobes. The main was in 1977; Paradise was then builfights in Madrid this year still declaring his resolve to have been notable principally stay in Asla Indefinitely, as man- for their mediocrity. reaching a

nadir a few weeks ago when all three matadors were injured by their first bulls and the remaining fights bad to be cancciled.

 $\mathbf{27}$



On such a day as this, what could be more itmety than the notice a colleague saw recently in the window of a New York loan company: "We can lend you enough to get you com-pletely out of debt."

Curing a complex

Even if British inventivoness bas not yet come up with an answer to the economic mailaise, it is at least being applied to solving the problem of Met-bourne's desire to make a splash. Demand for entry kits aging director of Wearne tat £5.80 a time) for the competition to find a suitable land-mark for the city has been such that the Victoria Promotion Committee in London yesterday sold out. A few spare kits are

being flown over from Italy. Over 1,000 people in the UK have now tried for the £58,000 prize, which will be awarded When he took over Wearne in "a unique concept for to put Melbourne on the same map as Sydney and its much-envied opera house.

Down under, a mere 685 itizens of Victoria have grouping" of companies in the Oversea-Chinese Banking citizens attempted to encapsulate suitfamily; it distributes vehicles ably the spirit of Melbourne, for BL. General Motors and and only 196 other Australians. The spokeswoman for the pro-Rolls-Royce, When I asked a Chryster spokesman whether Turnbull was about to give bis motion committee said "declined to commit herself" on whether this had to do with former colleague a sales post, be replied that "everyone was the fact that they might actually listening to the Budget" and know Melbourne. "There arc, after all, a lot more people in Britain," she pointed out logic-ally. "But it's true, Australians don't seem to be very interested.

The spirit of Melbourne ito to find it bard tu quit the ring. be built on all nr part of 80 peres of decked-over railway The abject performance of his successors has provoked Spain's yards) has assumed strange best known and certainly ricbest shapes in the minds of certain chtrants. They include a 50-fthigh kangarno with a fountain in its head, a miniature jungle full of wild annuals, a house made of glass, and a monu-mental can of Fosters.

The ideas are, I am told, not regarded as quite the thing for Austrolia's stold financial Cordobes says he misses the capijal.

Rare birds

An English tourist who stopped at a cafe in a small town in Kennicky was amazed to find the bill for two posched eggs on toast come to \$4. "Eggs scarce around here, are they?" he demanded sarcastically. "Plenty of eggs, drawled the owner. "But tourists are damned scarce."

Observer

A surprisingly bold approach

VAT AND DUTIES

as not. But by his bold . VAT Sir Geoffrey lass ed himself with room tor uvre.

he changes in income tax Customs and Excise. ed. the £2.035bn which the se in VAT rates will yield

ridely expected, to per will have the advantage of im- fait collector was bad enough: as not. But by his bold proving the liquidity position of the do all the work with mini-average taxpayer this will be most traders. The exception is mining month mether to the country was of himself with room for "repayment traders," such as adding insult to injury. The Budget changes will be changes in income tax for the Endget on less.

esse. More popular is likely to The trader paying VAD will be the return to a uniform posise in VAT rates will yield benefit from an increase in uve rate which had been a fea-3 1979-80 made the radical interest free each; and although mire of the tax as introduced by

stort of the Increase in In addition, as the Chancel- yield anch net revenue to the bas pointed out that his income a uniform 12) per ceot lor pointed out, the increase Government; to be an unpaid tax reductions will leave income rulely expected, 15 per will have the advantage of im- tax collector was had enough: lax payers better off. For the true, but anyone contemplating

> find themselves hard hit. The price of a small family car uil lrise by about £200; the Renault 5 GTL, for example.

CHANCELLOR has sur-share of the hudget of the they spent in record-keeping those on social security benefits culating VAT at 15 per cent most commentators by poorer. and collecting tax did not even against the price increases and from tax-inclusive prices is from tax-inclusive prices is 2/23rds. The necessary Notices of modification can be obtained from local VAT offices, includlng a ready reckoner for cal-culating VAT at the new rate. Cedric Sandford

Professor Sandford is director of the Contre for Fiscal Studies at Bath University.

this being the rise io average carnings during 1978. Alt of these increases bring him now Indicated. Tax and National Insurance are taken off, and the addition to his spending power in the form of child cnefits for two small children This

the £4.17abn expected in inhure.

ue from VAT rather than possible alfernatives. VAT proad-based tax, including co, drinks, and petrul, for eason ratsing it is preferto increasing the specific 4 nu tohacco and drinks: ncrease in petrol duty has arate, fuel-saviug, justifica-

rther, because of the wide uling, covering almost all tuffs, transport, fuel, rent whildren's clothes, the tax less heavily on the lower te groups than would a antial increase in the beer Inhacco duties.

atrary to widespread belief, ly Expenditure Survey data that, up to high income VAT is not regressive. ekes a somewhat smaller irtion of the disposable ne of lower income groups of the higher because the rated goods take a larger

es in income tay possible, repayment traders will corrosnondingly lose, their loss will year provides the prospect he minimised because 1990's traders whose goods were hith-ther income tax reductions ments are monthly. VAT the erin subject to standard and payments, on the other hand. his Endget speech Sir are marterly. The other side turers whose products were pre-rey gave some reasons for in this nicture, of course, is vhously subject in the higher tring to raise additional that the Chancellor has to wall rate will now no longer feel for his money. This explains why the yield in a full year is discriminated against. Because the rate is uniform and because more than twice that of the remainder of this year. It is associated with reductions in income tax which give con-A further attraction of VAT

sumers more spending power, In the Chancellor was that, un-like the national insurance nn manufacturers or traders will have cause in fear that the higher rate will significantly resurcharge favoured by his prelecessor, there is no danger of duce their sales. Whiist the higher standard rate shunld make little differ-

VAT entering export prices since all exports are zero-rated. Sir Geoffrey might have siven another reason for the altrac-tireness of VAT. Unlike specific duties, it is effectivel? tion, establishing a uniform rate should reduce the burden on the Customs and Excise. Perindex-linked because it is a percentage of price; when prices rise VAT revenue rises sion from the Chancellor's meamore or less in proportion.

exemption limit, at least in line Surprising though it may with inflatinn, which might have seem, the increase may not be reduced the need for a few more unpopular with trachers generrevenue officials. ally. Research evidence has suggested that one cause of The net effect of the VAT resentment felt towards the tas

changes is to increase the reby some retailers whose sales tail price index by some 31 per included many zero-rated goods. cent. The Chancellor has speciwas that the considerable time feally protected pensioners and

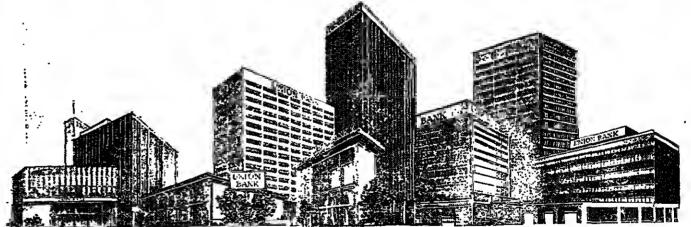
Kenann renowood for his fuel economy, now costs £2,990, but next week Authony Barber. This will reduce the compliance costs of will cost £3,184; whilst a family saloon like the Renault 18TS higher rates, whilst manufacwil cost an extra £246 next week.

The big question must be their the VAT changes must be their demands. If The big question mark about effect on wage deriands. If trade unions behave logically, then the increase in disposable income from the income tax re-ductions should offset any tendency for the higher prices to generate higher wage demands. It was, after all. Sir Geoffrey's predecessor who encouraged the trade unions to moderate wage demands in exchange for tax reductions. In the end it is real ence to the costs of administratake-home pay that matters. But the Chancellor is taking some thing of a risk that the increase hans the most surprising omisin the rate of price inflation. albeit a once-for-all increase. sures is the failure to raise the may stimulate inflationary expectations.

The new VAT rate comes into effect on June 18. Retailers will still have available all the presout special retail schemes for payment of VAT, though they

will be subject to adjustment as a result of the new rate. The fraction to be used in cal-

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A painful and expensive period

lasi year.

larget.

to 10 per cent in real terms last year. This seems a natural

Even if the corporate sector

does start to from its certs to is not going to find it easy to

ent back its bacrowing from the

banks. The other sector which

will suffer from the credit squeeze will be the personal sector. The buoyancy of retail

sales and the sharp rise in hire

purchase spending indicates

that the personal sector has

been borrowing heavily to

CREDIT SQUEEZE

SURPRISE 2 per cent rise te Minimum Lending Rale the extension of the supple-(ary special deposit scheme Corset) means that both corporate and personal ars face a fierce credit

recent months bank lendhus been accelerating mingly. At first this was ained away by special ors. The UK lorry drivers ute, had weather earlier in year, and the civil servants' te were all cited as factors ding lwan demand—tempo-

ore recently, however, it has nue obvious that, aside from the onvious that, and the inter-te factors, underlying luan pand was accelerating. In the the months to mid-Aprit, ling back lending to the sate sector ruse by £2.4bner than it had in the pre-

is six months. 'he May money supply figures not yet available, but the

est London clearing bank listics for May indicate that underlying increase in bank ding was rather grouter than each ni the previews two utits. Instead of a monthly rease of £400m or so in hank ding, the latter has been wing by over £600m a month or the past half-year. This is hackground against which : current credit squceze is sing place.

ing indoubtedly reflects higher of ways companies can cut back just under ftbn of 24 per cent working capital requirements on their bank borrowing and in the year to mid May. following on from the rise in these will have serious implica-tion the for the commodity prices—particularly tions for the financial markets. companies have been modify first, they can be the financial markets. companies have been stockpiling materials ahead of further prices increases. To this extent

the underlying increase in recent lending may he overstated and there could be room for some unwinding of working capital requirements in the next few months. In addition, there are signs that some corporate treasurers may have been secur-ing six- to 12-month money recently because they feared another rise in interest rates.

However, these caveats cannut disguise the problem that both the corporate sector and the personal sector face a very severe credit squeeze in the conung months. The curporate sector was

already expecting to be in sizeable deficit in the current year and the talest moves only exacerbate companies' prob-The rise in sterling is leuts. cating into export profits and the trend in domestic profits following inflationary wage settlements bas only worsened wage

their financial position. Until now corporate borrowing does not appear to have been very interest rate sensitive, finance the recent cousumer Whether the coming rise in hase spending boom. The latest Lonrates wil alter this remains to don clearing bank figures show

Part of the rise in bank lend- be seen. There are a number that personal lending rose by

enrporate sectors are going to First, they can have more rights issues. This is a course a number of compaules are already following and more find it bolb more expensive and far tougher to borrow money, the brunt of the credi: squeeze in the short term will be felt money has been raised so far by the clearing banks, industry this year than in the whole of has very sizezbte pantilised overdraft facilities at the big However, with the Government planning to raise around

braks which can be drawn down easily if others refuse to tend. For the banks the big concern flöm from sales of assets like its BP shares—well over a, third of the moncy the institunow is line curset. Une banke uight described it as the โมรเ tions put into equities last year (around \$2.5bn)-there must be "lightest ever" and although it may succeed in eurning toan demand to some extent, a number of backs are now limits to how much more money the equity market can provide for hard pressed companies. The other atternative is in cut resigned to suffering penalties mine summer months. back on investment spending, which had been growing at close

Furiunatety for authorities institutional cash flows are continuing to rise healthily and the big institutions should have close to £10bn to invest in the current year. Pro-vided stering back tending to the private sector in the current year can be held at around fobn (it has recently been growing at nearly flobn) and the authorities can sell fibn of guits, the authorities may be able to meet their public sector borrowing requirement. But it is going to be a painful and expensive period for the personal and corporate sectors. William Hall $\mathbf{28}$

Companies and Markets

Hill Samuel net profit 13% higher at £7.73m

By Michael Lafferty,

AFTER interest on loaos and minority interest but before exchange differences and extraordinary items, profits after tax of the Hill Samuel Group rose from £6.8501 to £7.73m io the

year ended March 31, 1979. The merchant bank also had a successful year with profits up from ±3.92m to £4.56m before invesiment results, but after minority interest and transfer to reserve for contingencies.

However, the group is to reorganise its insurance broking subsidiary, Lowndes Lambert, whose profils have slipped dramalically this year. This dramalically this year. This will probably mean the loss of about 200 jubs and would save at least £1m in wage costs when the operation is completed in two years' time.

Lowndes Lambert is nne of the meduum-sized insurance broking members of Linyd's. It specialises in the marine, North American and construction markets in some areas of which trading conditions bave been lough recently. As part of the reorganisation as many as balf the 800 jobs incated at the present headquarters in Eastcheap in the City are to be moved In Swindon. A further 500 Lowndes Lambert staff are already employed oulside London.

Yesicrday Hill Samuel executives refused to disclose details of the actual tradiog results of Lowndes Lambert. or the intended cost savings beyond saving that the group was "looking for substantial savings."

Hill Samuel also announced yesterday that Mr. David Macdnnaid the retiring Director-General of the Takeover Panel. is to take up a senior position within the group with resposibility for certain aspects of corporate finance. As a niember of the main board be will he charged with looking after the merchant bank's large clients, as we'll as seeking new business. After-lax profits for the brok-

ing and consulling services division are down from £2.8m £2,2m, but this disguises a stanificant profits improvement in the Noble Lowndes pensions

Including J. Lyons and Com-pany, from October 1 last year, profils before tax of Allied Brewerles amounted to £123.5m

in the 17 months ended March 3. 1979 nn sales of £2.2bn. Annualised profits were £112.3m from sales of £2.14bn.

a poor summer, restricted prices, the road haulage strike and a orolonged strike at the Wsrriog-

Ion hrewery. Due to the Lyons acquisition

The directors consider the

HIGHLIGHTS

The Lex column is naturally dominated by an examination of the Chancellor's Budget measures. Elsewhere, Allied Breweries' results for an extended by accounting changes and the inclusion of J. Lynns for the first time. The shares weakened yesterday hut the City took the view that there should be scope to improve the return in the hrewing and th new food manufacturing divisions. Associated Newspapers offered betler news of the outlook for its loss-making Evening News. Oil interests contributed strongly as did the rest of the publishing operations, and profits of £21.3m were abead of most external estimates. Dobson Park Industries has called a halt to its tentative bid negotiations with Mining Supplies. while Mr. Sandy Marshall, new chairman of Bestohell, has decided to resist the £2fim approach from BTR. Followiog the successful bid from Lonrho, the chisf executive of Scottish and Universal Investments has resigned.

sulting services of The Hill consulting company, which is now the main profit-earoer in the divisino. The implication is 5amuel Croup (S.A.). At March 31, 1979, group coothat after tax profits from insurance broking are at least

solidated balance-soeet totals were f1.41bn compared with f1.3bn last year (excluding the assets and liabilities of insurance £1m down on last year. Year 1978-79 1977-78 subsidiary companies which are Marchant banking:

not consolidated). 3,923 4,559 comment After three years bovering just under the £7m mark, Hill Samael's attributable profits have started to move ahead again with a rise of 13 per cent. Lile & investment Other services less canital cosis . Interest on loans. Profit after tax . Exchangs doficit . Extreord, profit ... 2,621 1,132 2,772 Comparison with banks such as Kleinwort Beoson and Schroders

Kleinwort Beoson and Schröders is difficult becsuse the latter have December year ends while Hill Samuel concludes its finan-cial year in March. That said, Hill Samuel appears to have done slightly worse than Klein-worts hut better than Schröders and Margare Creatiell on the Disclosed net earnings per share before exchange differences and extraordinary items are stated as 12.05p against 11.63p and a net final dividend of 3.485Sp lifts the total from 4.904p to 5.319Sp.

The extraordinary profit of 5590,000, after tax, includes 5434,000 release of provision made ia 1978 on termination of the sbipowning business and £137,000 surplus on sale of The Elizabethan Msrine and General Insurance Company.

Allied Breweries £124m profit

The final dividend is 1.8314p

Capital expenditure during the 7 months totalled £106m of

Provisional budgets for capital

which £86m was in the UK.

making a total of 6.2214p-in the previous 12 months, a total

performance.

of 3.9328p was paid.

It excludes £1 taken to banking but has yet to convince the reserve for contingencies in stock market that it can realise respect of the surplus arising on its potential. At 112p the shares the sale of the broking and con-yield around 7 per cent.

deducting property disposals as

well as redemption proceeds net

of a stated exchange loss, the underlying pre-tax figure is still helow £100m at £97.4m. This gives fully-taxed earnings per share for the period of 7.2p com-pared with the published level of 14 lp. The £16 2m contribution

14.1p. The £16.3m contribution from J. Lyons is about in line with expectations, though the

representative of the group's week period to March 1979 and

also



UK COMPANY NEWS

Sir Robert Clark, the chief executive of Hill Samuel, in the Bank's Foreign Exchange dealing room.

Johnson Matthey on target with £21.6m

TAXABLE PROFIT5 of Johnson, Matthey be gold, silver and platinum refiner, advanced from f18.87m to f21.58m in the year to March 31, 1979. In the solution of the solu platinum refiner, advanced from fl8.87m to f21.58m in the year to March 31, 1979. The surplus was in line with

The surplus was in line with Metropolitan Borough of 5 and-the forecast made when the well [fim], East Lindsey Dis-group made a flym rights issue trict Council (£0.5m) and It then announced that the nine- Torfaen Borough Council It then announced that the nine-month laxable surplus was ahead 1 £0.25m1. from £13.4m to £14.6m.

is raising f0.5m 12¹ per cent bonds due on June 9, 1982, at par, while Locbaber District The Board's prediction of a 5.9p net fical dividend per £1 sbare bas also materialised and the total bas been lifted from an equivalent 5.4935p to 9.5p. Treasury approval has been Council is issuing £0.25m 123 per cent bonds due on June 13, 1984, also at par. given,

Tax for the year takes £10.02m, against £8.61m, and stated earn-ings per share are abead from 23.7p tu 27.1p.

comment

and Morgan Grenfell on the traditional banking side, where traditional banking side, where profits are up by 16 per ceot. However, at the group level Hill Samuel is still failing to fire on all cylinders. This time it was the Lowndes Lambert insursnce broking operation which dis-appointed. Of all the big accept-ior boucce Hill Samuel probably Matthey's full-year Johnson results are in line with the com-pany's forecast. The 14 per cent profits rise reflected growth hoth at home and overseas, parti-cularly in the third quarter. Most of the expansion came from ing houses Hill Samuel probably has the best recovery potential incressed tradiog in gold and plalinum, the value of which has jumped dramatically in recent months. While group's banking activities are buoyant, otargins elsewbere are tight hecause of the slow economic recovery in many parts of the world. This suggests that growth in the currect year will be equally unspectacular, although the com-

pany will clearly benefit from any continning rise in the value of precious metals. Mesnwhile, apart from beloing to finance the heavy capital expenditure programme, the recent rights issue has given an opportunity to boost the dividend yield. At 245p, this stands at 5.3 per cent, while the p/e is 8.8 on stated earnings.

Yearlings rise to 113%

Assoc. Newspapers jumps to £21.3m at 12 months

Assoc. Newspaper

A JUMP of nearly £6m in taxable profits in the year to March 1979 is reported by Associaled Newspapers Group. After further improvement in the second half the group. which in-cludes the Daily Mail, property and North Sea oil, lifted the surplus from £15.46m to £21.33m. Allled Brewerles Archimedes Inv.

After extraordinary items which include the £5.5m costs of Bankers' Inv. 1.35 D. Mail & Gen. 2nd int. 9.37 re-organising the Evening News, earnings are up from £6.35m to £9.06m.

The Board now says the Improvement in earnings over the next six months is expected to continue, but at a lower rate than

It adds that Evening News insses had been projected at an annual rate of £7.5m but, as a result of the £5.5m payment in notice and redundancy compen-sation. the projected loss has heen reduced to a level where future profits should be schieveable.

At half-time the group had (£0.25m). Oldbam Metropolitan raised the taxable surplus from £7.26m to £9.21m — making a near f4m improvement in the

second half. Turoover for the year was np from £156.8m to £184.4m from which there was a trading profit of £16.64m, against £11.16m. The net surplus is ahead from £7.47m to £3.65m after a tax cbsrge in-creased by nearly £3 to £12.68m. Gillingbam Borougb Council

Pre-tax profit Tax Net piofits ... 12.682 5,650 412 Leaving Dividends † Debit a,830 1,972

There is an improvement at the "extraordinary" level. This time, despite the Evening News costs, there is an extraordinary

Provincial newspapers con-tinued to trade successfully partly as a result of the large. capital expenditure programme on moderoisation hegan some years ago. This is now improving the ability of many of

earnings.

Mr. Jobn Cratwick, chairmán of Empirs Slores (Bradford), told the annual meeting that be expected results for the first half

of the current year would again be satisfactory. Progress made in the opening months had been that otained and sales pattern to date was in line

1.05 8.39 30 2.88 14.27) 60 Dnnrafontein 401 Aug. 7 55¶ 40 115 Aug. 7 E. Driefonlein int. 3.03 2.69 3.23 3.05 4.63 July 25 4.15 5.32 8.5 Hill Samuel Johnson, Matthey 3.49 5,9 4.9 5:49* Aug. 6 Aug 7 Kloof SOU 25 60 110 150 1001 Libannn Thos. Locker Aug. 7 100 0.96 0.71 July 20 0.63 0.87 The Times Veneer 0.23July 2fl 0.2 0.41 301 -20 Venterspost Aug. 7 385 W. Driefontein 415 250 Aug. 7 615 Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For 17 months. § Fur 12 months in current 18 months period. ¶ South African cents. For 18 months. stablemate and the provincial newspaper string, that begins to look feasible after extensive re-organisation. Secondly, after a

Financial Times Wednesday June 18 1979

DIVIDENDS ANNOUNCED

payment payment

Current

1.83

int 2p

sec. int.

Date

of

Aug. 3

Aug. 10 Aug. 31

Aug. 30

Corre Total Total

2.68 6.22‡

dlv. year year

6.48

last

3.93

5.7

5.81

12.91

sponding for

3

:3.96

EI EI

piver

Following a two-for-one scrip issue by Consolidated Bathurst, the overall rate of distribution was increased but the current for 100 loss on oil operations last time, the Argyll Field is making a positive contribution once again and the outlook must fall in the Cansdian dollar has partly offset the value of this mprovement. 5outhero Television's results

to October 1978 improved by 23 per cent on the previous year and dividends received Increased

proportionately. North Sea oil production from the Argyll Field has been main-tained at a slightly higher level 1.801 2.457 15.461 7,990 7,471 1177 213 than io like previous year, and has made a sstisfactory contribution to earnings. The estimates of tolal recoverable reserves from this field have been increased, and earnings in the current year have been improved by the resultant lower deprecia-

tion charge-down from £1.97m to £791.000.

to 27.7p. The group is to change its accounting year to end on September 30, 1979. The second balf pre-tax profits to give a direct comparison with the new

half-ycar are shown at £10.74m, against 7.3m.

• comment

Three points emerge from a. better than expected performance from Associated Newspapers. First, the axe is swinging with less perlious proximity to the Evening News and the group is projecting a future, if undefined, return to profitability. In the light of the advertising revenue buoyancy enjoyed by the national

once again and the outlook must he bright, notwithstanding a higher rate of PRT. Lastly, the group is now talking of fresh diversification which would be supported by cash flow now running at an annual rate, in excess of £12m. The shares climbed 2p to 228p yesterday where a p/e of jus tover 8 still offers reasonable huving groups of offers reasonable buying opporif and when the Evening News cash drain is properly staunched. Daily Mail & General ahead Dsily Mail and General Trast, which has a substantial but no

longer' controlling interest in Associated Newspapers Group, smounces income of £3.17m for the year to March 31 1979 against £3.59m, and revenue after tax of £2.03m compared with £1.S2m.

2.03m compared with 11.32m. The current financial period is for the 18 months to end Sep-tember 30 1979:
A second interim dividend of 9.368p (3.389p) net per 50p sbare for the 18 months takes the total to 14.272p. (12.908p), costing £1.48m (£1.33m).

Proportion of profits attribut-able to the company's interest in Associated Newspapers for the 12 months, after tax and extra-ordinary items, was £4.41m,

creditable result given the group's exposure £3.07m (£2.83m) after which engineering sector hut It does earnings are shown as £3.09m (£2.72m) or 11.Sp (19.6p) basic represent the lowest rate of growth for five years. All diviper 20p share, 11p (9Sp) fully sions made progress, packaging making the most hesd-Tax comprised of amount way. GE1 has a slight advantage over other engineering compayable £2.4m (£1.63m). and £670,002 (£1.2m) sttributable to panies in that it has a useful stock relief and capital expendipresence in sreas of high tech-nology, although the company ture transferred to revenue has been bampered by a shortage The dividend is stepped up to 4.638p (4.152p) net with a final of skilled labour. To solve the problem, the company is planning to spend roughly £2.5m on specialised machinery in the current year; this still leaves plenty of cash for possible It is difficult to quantify the cost to GEI of the adverse winter acquisitions. With current orders weather and the lorry drivers' roughly a fifth higher than the strike but on the basis of forecasts made at the interim stage. previous year, prospects in the it looks as if they could have clipped up to £400.000 from the current year look somewhat brighter. At 92p the shares are on a p/e of just over 8 while the yield is 7.8 per cent.

GEI expands 11% to £6.2m

H.UPMANN

DESPITE THE had weather and (£22,74m).

reased by nearly £5m to £12.68m. A second interim dividend of £1.12m deht. A second interim dividend of £1.12m deht. A second interim dividend of £4.45p per 25p share lifts the total The Daily Mail improved its from 5.811p to 6.484p. Stated earnings. Its circulation con-tinued to increase and advertise-ment revenue resched received to 27.7p.

But, he added, the sound ment revenue reached record development of the company had levels. continued and given reasonable trading and weather conditions,

some recovery was hoped for in the second half. First half profit last year was £2.4m and the year's total came to a record £4.86m,

provincial newspapers to meet the requirements of readers and advertisers.

The group's UK magazines bave continued to make an increased contribution to

The diversified interests have again achieved increased aaro-

perind, comparative figures for 17 months are not practicable. food. However to give an indication of the group's recent performance, a divisional analysis on an

annual basis is given. This shows that for the 53 weeks to March 3, 1979 against 52 weeks ended 5eptember 24, 1977, there was a f54.5m [f42.Sm) contribution from heer, £42.6m 12365m) from wines spirits and soft drinks, £1.7m 1£1.3m) from holels and £3.9m (£5.3m) from the international division. The Lyons group contribution, including the American companies to December 31, 1978 was £16.3m against an adjusted £S.4m for the 52 weeks to March 31, 1978.

The Stated carnings per share for To months are 17.3p but the direc-first say the pro-forma carnings changes in accounting periods brewing is reflect of 14.5p for 12 months are innre and practices. Taking the 53- taxed p/e of 12.3.

In the heer division the profit on disposal of properties was £6.1m compared with £2.2m in the 52 weeks to September 24, 1977. The improvement in trading profils would have been greater

but for the adverse effect of the 19 days strike in the South East in November and the 12 weeks sloppage of the Warriogton hrewery of which some seven had been looking for half as much again. The Chancellor's decision not to impose a specific additional duty on beer should help margins, though the share still dropped 2p to \$94p on yes-terday's announcement. Annual-ising the dividend gives a yield weeks was in the period under review and is estimated to bave cosl some £5m up to March 3.

comment figures from Allled

of 7.3 per cent, which is enough of a premium on the sector to keep the shares altractive. The growth potential in Lyons and brewing is reflected in a fully-

Provisional budgets for capital expenditure on fixed assets authorised by the board were \$103.2m for beer, £28.7m for wines, spirits and soft drinks, £6.1m for hotels, £12.8m for interoational and £32.9m for performing up to par the

The coupon rate this week's batch of local authority yearling weak link is clearly brewing. The reorganisation of this sector bonds bas increased slightly should soon be paying off, though 113 per cent, compared with 113 the overall figures for the past per cent last week. Issued at 22 weeks are disappointing. The pre-tax profit for this period is f22.1m-deducting a 53-week propsr. they are due on June 18,

£22.1m—deducting a 53-week pro-fit of £90.2m publisbed last November—and some analysts The issues are: City of Manchester (£0.5m). Inverness Council (£0.5m), Wig-District town District Council (£0.5m1, Monklands District Council Hamhletoo District (£0.5m), Council (£0.5m), Cumberoauld and Kilsyth District Council sle of Angelsey Borough Council (f0.5m), Kiogswood District Council 1f0.25m), Copeland Borougb Council 1f0.5m), Hart Districi Council (£0.5in), 5trath-ciyde Regional Council [£1m], Barnsley Metropolitan Borough

(£0.5m).

of

with expectations, be said. It was more difficult to forecast

Hoveringham

First half results at Hovering-ham Group would be disappoint-iog compared with last year. Mr. C. H. Cbristopher Needler, chalr-

Empire Stores

(Bradford) sees

good first half

first half

downturn

man, told the ACM.

the likely outcome of the second half but the chairman was reasonably confident the group would continue to make progress during the remainder of the year and that 1979-80 results would show acceptable increases in both sales and profits.

Following the rights issues of 1975 and 1977, substantial increases in dividend were made and the directors now believed that the currect level of dividend which was covered 26 times was a realistic and appropriate payment, Mr. Gratwick said. He anticipated a continuation

of increases in dividend related to profit growth "but of course subject to our overall finance position ' (£0.5m1, London Haringey (£1m), Districi Conncil

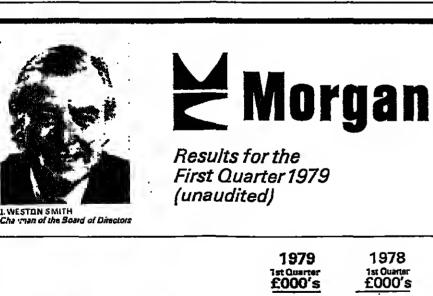
pro6ts of GEI Interoational, specialist engineering concero, advanced 11 per cent to a record £6.16m for the year ended March

31, 1979, against a previous £5.55m. Turnover was only diluted margioally ahead at compared with £50.48m. at £51.34m Mr. Thomas Kenny, chairmsn,

states that results, although ahead of budgets, would have been better but for these events. He says the cost was serious. reserves. And some customers and payment of 3.02Sp. suppliers suffered from • comment

additional lahour problems. Profit margins improved from 11 per cent to 12 per cent, re-flecting the benefits of a sustained programme over the years of capital investment in

At the interim stage profits had risen from £2.07m to full-year results. In the event, £2.32m on turnover of £24.16m profits are 11 per cent higher—a



	1979 Tst Quarter £000's	1978 1st Ouarter £000's
Sales to Third Parties	26,473	24,388
Trading Profit	3,485	3,150
Profit Before Taxation	2,970	2,664
Profit Before Tax per Share	6.8p	5.9p
Earnings per 25p Ordinary Share	4.0p	3.4p
Trading Margin	13.2%	12.9%

The Chairman Comments:-

Considering how harshiv transport - both within the country and through the docks - was treated by strike action, the performance of the Company in the first quarter was creditable. Only Thermic Division produced a lower trading profit than in the same period of last year, but Thermic Division customers are much affected by world energy shortages and will expect outstanding service from Morgan companies, which are particularly strong in the field of energy saving. This customers are receiving and will continue to receive.

Our exports are generally strong.

Copies of the Annual Report for 1978 are obtainable from the Secretary of the Company. The Morgan Crucible Company Limited 98 PETTY FRANCE, LONDON SW1H 9EG

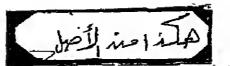
Barro Equities ISE Canadian Finance Ltd. 9' ." Guaranteed Debeniures due 1996 intice is hereby given to Deber ed ended May 1 ~d Adria principal annount of Debembers was and In May, 1979 of similar princi-t Debenturys was acquired in the open

ISE Canadian Finance Ltd.

May 00, 1979

Council Borougb Newbury





UK COMPANY NEWS

Gen. Engineering calls in receiver after bid fails

an owner the second second

BY TIM DICKSON

สีขอเมือร i Markets

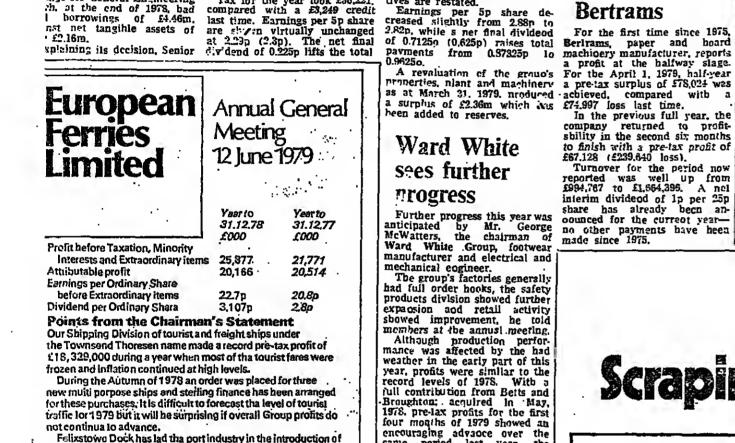
General Engineering Com-y (Radicliffe) bss called in with a further investigation, sivers less than a week adding that aufficient acceptances r an agreed rescue bld by of the offer bad not in any case ior Engineering unexpectedly been received by the closing date.

ed. he docision was taken by the coors of General Engineer-who asked their bankers, liams and Glyn's, to make appointment.

appointment. he future of General Engi-ring, which employs 750 plc at Radcliffe, near Man-ster, and West Bromwich, iler, and west Bromwich, lics in the hands of the t receivers and managers-Hubert Thompson and Mr. Benzle, both of accountants Marwick Mitchell and Co.

r. Thompson said yesterday would consider all possibili-and stressed that be would e every effort to keep the ness going. "Obviously one S we will be doing is to look and for more companies A we will be doing is to look and for more companies rested in making a bid." he directors of General incering will continue to take consibility for the day-to-day ling of the company.

was Senior's announcement Friday that it was pulling of an agreed £950,000 take-which led directly to yesters derelopment. The bid was sly regarded as a rescue tage for General Engineering th. at the cnd of 1978, bad borrowings of £4.46m.



* new equipment and with the threat of nationalisation lifted from our

to 0.445p (0.41p)—the joint managing directors and their families bave waived entitle-ment to oet dividends totalling £5,443 (£5,670).

£17.251

tions.

for Thos.

AS FORESHADOWED at mid-

Locker

date. General Engineering's losses before tax for 1978 amounted to f1.33m (loss of £0.51m). But acconncing these results last month the directors said they beliaved the product range snd manufacturing facilities of the company to be sound. What was needed was a substantial amount of additional expital. of additional capital. General Engineering's shares wera suspended on Friday st

'Times' Veneer

down in second half

Despite lower second-half profits, The Times Veneer Com-pany finished 1978 with the taxable surplus up from £158,742 to £197,255. Sales were higher at £5.29m, against £4.62m.

At midwsy, profits of the manufacturer and merchant of timber, veneers and processed wood products reached £108,882 (£55,080).

Tax for the year took £36,221. compared with a £3,249 credit I borrowings of £4.46m. last time. Earnings per 5p share not net tangible assets of are store virtually unchanged ±2.16m. at 2.23p (2.3p). The net final splaining ils decision, Senior dividend of 0.225p lifts the total



amounced by Crystalate (Hold-ings) and profits for the full year are expected to be in ercess of fim. Profit for 1977-78 was a record £617,000.

External sales rose from £3.47m to £6.67m. Mr. John Leworthy, chairman, says results ioclude cootributioos from Greendale Electronics and £0.14m. fall bos bos Osborne Electronics, both of which were acquired sioce

March 31. Tax for the balf year takes £236,000 against £122,000 leaving a net profit abead at £162,000 compared with £135,000.

On increased capital, earnings per 5p share arc given as down from 1.44p to 1.1Sp. Mr. Leworthy explains that

AS FORESHADOWED at mid-way, second half profits of Thomas Locker (Holdings) ex-ceeded those of the first six months, but pre-tax surplus for the year ended March 31, 1979, was down from a peak of £2.37m to £2.23m. Turnover of the screeoing and filtration engineer was better at £13.3m against £17.25m. results would have been belter but for a loss of some £200,000 attributed to the Greenwich plastic bousewares and conainers factory of Ebonestos Industries. In November, the directors ex-lained that the fall in first-half profits from £1.1m to £1.03m had resulted from lower returns from the group's overseas opera-tions

The major causes of the loss were the sluarp increases in material prices and reduced productivity. The factory is to be closed and assets disposed of. Ebonestos is transferring several machines to the nearby

Tax for the year lakes £1.04m against £1.16m, and after minorities and extraordinary llems, attributable profits were up by £20,000 to £1.1m. SSAP 15 has been applied and compara-tives are restated. New Cross factory achieving its main original objective acquiring an injection moulding capacity

Bertrams

For the first time since 1975 Berlrams, paper and hoard machigery manufacturer, reports a profit at the halfway slage. For the April 1, 1979, half-year a pre-tax surplus of 578,024 was acbieved, compared with a £74,997 loss last time.

sbility in the second six months to finish with a pre-tax profit of £67.128 (£239.640 loss).

1978. pre-lax profits for the first four mogths of 1979 showed an encouraging advace over the same period last year, the chairman reported.

Continued progress at C.E. Heath



Frank Holland,

31 March 1979:

the Chairman of the

reports on the year to

C.E. Heath Group,

An increase in net profit of over 10% despite difficult insurance conditions and the instability of world financial markets.

A final dividend of 5.6721p and the intention to pay an additional 5.6721p, together with the normal interim dividend in January 1980, if restrictions are lifted.

Worldwide brokerage income up 9%.

A return to profitability of our main Non-Marine Syndicate at Lloyd's and development in the operation of our Lloyd's Underwriting Agency.

Increased profits from our Australian underwriting operations.

29

The welcome addition of six months results from our 80% holding in Groupe Sprinks of Paris.

A 20% investment in La Securité Nouvelle, one of the larger French broking houses.

The belief that, with the high calibre of our staff, the respect we enjoy from our clients and the very personal nature of our business, the C.E. Heath Group will continue to make progress in the years ahead.

Comparative Results	1978/79	1977/78
Operating profit	£16,051,000	£14,924,000
Net profit available	£8,765,000	£7,941,000
Earnings per share	29.6p	27.5p
Dividends per share	8.0921p	7.318p

E.Heath&Co.Ltd.

Copies of the full Report and Accounts are available from The Secretary, Cuthbert Heath House, 151/154 Minories, London EC3N INR.

INTERNATIONAL INSURANCE BROKERS, REINSURANCE BROKERS AND UNDERWRITING AGENT



harbours, this Division, which also includes Lama Harbour, can look forward to a period of growth.

The Financial Services and Proparty Division uses ourstrong liquidity to take advantage of opportunities presented to us and will continue to make a very worthwhile contribution to Group profits. We are angaged in a property joint venture in Danver Colorado, in which the potential profit is very high over a 10-15 year period.

The Shareholders' Concessionary Schoma attracted widespread support in 1978 and will continue in 1980.

For the Report and Accounts, details of all Townsend Thoresen services and the Shareholders' Concessionary fare scheme, write to the Secretary, European Ferries Limited, Trafalgar House, 11 Waterloo Place, London SW1Y 4AS.

The commercial position of the group bad been streogthened by group had been strengthened by an agreement with Blue Bell Inc. the U.S. manufacturer of Wrangler jeans, he added. This was for the development and marketing in the UK and Eire of a range of casual footwear to be sold under the Wrangler name. sold under the Wrangler name. The group had plans for the development of its retail activities. These were trading buoyantly at the moment and it was believed that plans for further investment would be of future benefit to the group.



Extracts from the Directors' Report and from the Chairman's statement, by Mr. Paul-Emile CORBLAU

KEY FACTS

New decline in the average prices for copper and zinc. Reduction in prospecting and exploration expenditure. Therry mine in Canada continues production at reduced rate. Electrolytic zinc plant at Clarksville, United States, goes into operation. Successful tests for the recovery of polymetallic nodules from great depth in the Pacific. Encouruging financial results for the exploitation of diamond bearing sends in Brazil.

KEY FIGURES

ALL I FIGURES Profits for the financial year: BF479,986,519 (against BF601,070,014 in 1977). Net dividend: BF40 per 1/10th of a share (against BF50 per 1/10th of a share in 1977) (coupon 0. 42 - payable on or after June 7, 1979). Reduction in Prospecting and exploration expenditure: BF122.3 million (against F2%7 million in 1977). Capital: BF 8,000,000,000. Results of the accounting period: BF2,520.376 million.

113

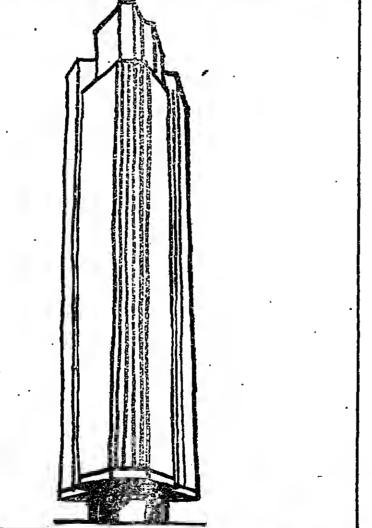
NEW DEVELOPMENT and FUTURE PROSPECTS In his statement to the shareholders, the Chairman, Mr. Paul-Emile CORBIAU, commented, amongst others, the following facts:

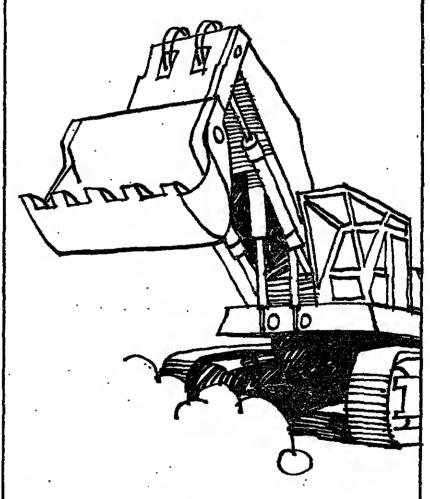
In his statement to the shareholders, the Chairman, Mr. Paul-Emile CORBIAU, commented, amongst others, the following facts: Intrinsic worth per tenth part of a share: more than BF2,000. Exacouraging prospects for the future: "Furthermore, it seems strongly probabla to me Exacouraging prospects for the future: "Furthermore, it seems strongly probabla to me it at our company will soon see an improvement in the situation. Actually, a far the long period of letlangy which continued right up to the end of last year, for the past few months we have been able to see a quite marked revival of activity on the metals markes. This revival is a sign of the uncasiness which has arisen amongst consumers because of the very strong contraction in stocks. It has resulted in a notabla rise in prices, particularly in the case of copper whose price has grantly increased over the minimum which was reached in 1978. Because sustained demand exists, particularly in 1ha United States, it is permissible to foresee that the free world production cf copper in 1979 will show a deficit of some 400,000 tons in relation to consumption. The emoutraging outlooks for our company arising from this are evident". Conada - Thierry mine: "The favourabla technical characteristics, which had justified our decision to carry on with the production, were thas confirmed. Furtharmore, UMEX has been able to grainer together an adequate force of employees and conclude an agreement with the unions which will govern labour relations in the company for a period of thirty months. This state of forius puts the mine in the best position to profit from the rike in metals prices." U.S.A. - Tennessee - OMA: "For its part, the Jersey Miniter Zine Co, mining and metallurvicial complex in Tennessee whose development is actively underway, is benefiting from the improvements in the sine price which have occurred since the beginning of this year." The activities of the Ocean Mining Associatioo (OMA) cousortium were marked by an important success in 1978: the demonstration d

diversification of our activities as well as from that of the orientation adopted by the whole group in this direction.

in this direction. The team responsible for this sector is particularly active. Currently new possibilities are presenting themselves in Latin America and in North Africa. Elsewhere our engineers have participated in the Societé Générale de Belgique Group mission which visited Yunnan Provinca in China last January. The mission conducted a preliminary examination of projects which might be entrusted to tha Belgian non-formous metals industry under the terms of the framework agreement reached in 1978 with the responsible departments of the Metallurgical Industry Ministry of the People's Republic in China.

Ministry of the recopie's Republic in China. Copies, in English, French, Dutch, Spanish and Portuguese, of the 1978 annual report and of the Statement of the Chairman of the Board can be obtained, an request, from: UNION MINIERE, S.A. Public Relations Service, Rue de la Chancellerie 1, B - 1000 Brussels, Belgium. Ph. 513,60,90. Telex: 21.551 Um b.





with BTR flexibility is strength

The prestige Nat West building in the City of London depends on BTR structural gaskets to ensure flexible strength throughout its 52 storeys. And in Germany, BTR hydraulic circuitry channels the power to move tons of rock and clay.

These are just two of the areas in which BTR products supply the world's key industries - energy, engineering, materials handling and transportation.

They in turn provide us with a secure base from which we shall continue our dynamic growth.



BTR Limited, Silvertown House, Vincent Square, London SWIP 2PL.

LONDON TRUST COMPANY

The following are extracts from the Annual Report and circulated review of the Chairman The Hon. E.D. G. Davies

SUMMARY OF RESULTS

	31st March 1979	31stMarch1978	Increase%
INCOME Gross Revenue Net Revenue Deterred Dividend Cost	£4,865,759 £2,248,713 £2,157,965	£4,209,733 £1,924,631 £1,841,291	+15.6 +16.8 +17.2
CAPITAL Total Assets of Company Deferred Shareholders' Assets	£86,226,111 £70,230,007	£69,798,826 £52,223,429	+23.5 +34.5
PER ORDINARY SHARE Dividend Net Asset Value–Basic Diluted	4.75p 154p 154p	4.125p 117p 116p	+15.1 +31.6 +32.8

Over the past five years dividends have been increased by 130%, an amount which compares with approximately 105% inflation and during a period of dividend limitations. Asset Value has been helped by the outstanding performance of our larger holdings in the U.K .-73% of our funds being in this Country.

30

Our policies are in some respects different from the normal combining the reliability and advantages of an authorised investment trust with an active entrepreneurial philosophy towards any opportunities anywhere in the World where we believe we can enhance our performance.



Copies of the Report and Accounts are available from: Rivermoor Management Services Limited, FREEPOST, London WC1A 2BR.

Companies and Markets

Financial Times Wednesday June 13 1979 **UK COMPANY NEWS**

C. E. Heath keeps open mind on U.S. link

Milletts in

franchise deal

for restaurant

bank overdraft bad heen elimi-

46 companies

including

trust, came out higher at £94,396 for the six months to March 31, 1979 against £67,876 after tax, expenses and interest. Gross REFERRING to the profit-pooling arrangements between major U.S. and UK insurance income was ahead from £161,367 to £217,861. brokers. Mr. F. R. D. Holland, chairman of C. E. Heatb and Co, says the group has been watching to E217.501. As already known the interim dividend is increased to 1.5p (1.5p) net per 25p sbare; last year's final was 2.375p. these developments very closely and has been considering its own position. In his annual statement, the chairman says: "Traditionally we have maintained a position Investments. deposits, amounted to £6.59m (£5.44m) at March 31, and net

in the U.S. market of an independent broker prepared asset value per share is given as 120.7p (108.9p). Deductions of £80.151 (£48.532) and able to deal with everyone." There could be a positive from gross iocome included bank and dollar loan interest £60,651 advantages to maintain indepen-dence, but at this stage, "we are (133,7341, and tax took £43,314, keeping an open midd in order that we might respond appropriagainst £44,959.

on prospects, the chairman believes the company will continue to make significant progress in these difficult times. It is proposed to increase borrowing powers from two to three times the total of the In line with its aim to extend usage of spare space in its larger shops Milletts Leisnre Shops has issued share capital and reserves. The profit and loss account (in E000s) shows hroking profit at £9.870 (£9.446), which is split as to brokerage £20,119 (£18.508), investment income and inlerest entered a franchisc arrangement with a Cheshire catering group to open a restaurant on the first floor of its spacious Coester £2.178 (£1.607), and expenses £12.427 (£10.669). store. As known Milletts went public in December (ast year and ended the 12 months to January 29, 1979, hy beating its forecast with pre-tax profit almost doubled from £677.000 to £1.26m on sales, excluding VAT of £12.03m store Underwriting profit totalled £5,102 (£4,399), and is split as 15,102 (14,499), and is split as to to agency fees and overriding commission f4,546 (£2,494), underwriting profit net of expenses f1,793 (f1,864), profit commission f519 (nil), invest-ment income and interest f2,037 excluding

nent income and interest £2,037 (£1,944) and agency expenses net of recoveries £3,793 (£1,703). Other income annualed to £1.079 (£879), and operating profit reached £16,051 (£14,924). After tax of £6,990 (£6,730), exchange loss on cosolidation of (200) (2021) and microtics of At year end cash was up at £630,000 (£12,000) and a £198,000 nated. Capital commitments amounted to £677,000 (£211,000) £239 (£243), and mioorities of 537 (£10), the net available balance emerged at £8,765 (£7,941), Dividends absorbed 127.3417. Dividends absorbed E1.637 (f1.4011, leaving retained earniogs at £7,128 (f6.540). The chairman says brokerage locome increased 9 per ceot. The strengtheniog of sterling against

strengtheniog of sterling against the U.S. dollar and the devalua-tion of the Australian dollar winding up of 46 companies were reduced brokerage income by made by Mr. Jusice Slade in the over finn. But for currency High Court yesterday. fluctuations, brokerage income They were: Fullmead, Ivago carned hy London companies Import Export (London), Vin-would have increased by some cent Finn and Son, J. & P. Pigs (Suffolk) and Segall Devalor-16 per cent, he adds. The chaiman looks forward

to an increase in group profils from the Lloyd's underwriting agency operation. Meeting, 14 St. Mary Axe, EC, July 15 at noon.

Cambrian &

General Balley & Co. (Builders), Wasser, Willow Estimating & Building Services, P. Boyle & Co. and Omel Properties.

Polytain.

(£9.57m).

tracled.

oo July 11 at noon.

wound-up

Micklegate Business Services, Anglo Euro Entertainments, Sevenoaks Wholesale Grocers, Rulefarm and Atex Building Products.

F & B Aitkinson (Conver-sions), Cadmore Bullders, Leg-ram Construction Company, Michael Gallen (Civil Engineer-ing) and Blackweil Plumbiog & Hauting Engineer Heating Engineers.

Finality Deaigns, Hulu (Plumbing & Hesting), Rafapar Trans-port, Park Avenue Mail Order. and Kanape.

Drake Tyre & Rubber Com-pany R. Jones (Joiners), Kerr & Kerr Industrial-Domestic Heat-ing Engineers, SJW Construction and Marshgate Builders.

White Post Garages, R. Guil-ford, Cowell Cabinets. Daw-bourne (Bracknell) and Malcolm F. Barraclough.

Marlborough Property optimistic

A considerable degree of optimism for the future of Marl-borough Property Holdings is expressed by Mr. M. M. Lange, the chairman, in his annual statement.

statement This is based on the increasing level of rental income anti-cipated and the security provided by a development pro-gramme combining pre-letting with forward commitments topurchase by institutional buyers at current market rates, he

explains. The directors inlend to con of which £162.000 (£163,000) had been authorised but not continue their halaneed policy of building up the company's investment portfolio alongside its development trading activities. Meeting, Abercorn Rooms, EC, The former is beginning to have a substantial effect and the chairman predicts with some confidence that rental income will exceed £270,000 for 1979. All properties within the investment portfolio are subject to five or seven yearly reviews thus assuring growth in rental income while the majority of

tenants are well-known public or international companies, Mr. (Suffolk) and Segall Develop-ment Company. Lange adds. The grnuo was formed from a ment Company. Bergen Foods, Builtsound, J. and R. Wholesale and Retail Butchers (Enfield). George Cross (Haulage and Demolition) and Camill Joinery Company. Sirollenger, Clark and Hart-well, Springall & Alleo, Nene Builders, Simpson Elliott and Polytain. mercer of Chown Securities and Marlbornugh Property Securities last year. Pre-tax profits of the enlarged group for the nine manths to end 1978 were £327.000, which exceeded by 1327.000 which exceeded by E27.000 the forecast made at the time of the merger. Earnings per 5p share are shown as 1.99p aod a dividend of 0.2314p is to e nald-as reported May 12. Meeting, Howard Holef, WC, . be

and at the .

July 2, 11.30 am.

SCAMPI net assets jump Another successful year for Scottish Amicable Pensions Investments (SCAMPI) is re-

ported by Mr. John Spens, the chairman. Net assets in 1978 rose by one third from £49.5m to £65.7m, and premiums income

by one-half fram £9.2m to £14.3m. There were 20 new clients using the fund during the year bringing the number of pension funds which invest some or all of their

assets in SCAMPI to 53. SCAMPI is the managed per sion fund subsidiary of the Scottish Amicable Life Assurance Society, the Glasgow-based mutual life company.

Mr. Spens reports that during 1978, the company improved its conditions of withdrawing cash

sums from the fund. Because of the large positive cash flow, truslees can now request up to £50,000 per mooth at the underlying unit value instead of the selling price. The company has

selling price. The company has increased its charges for invest-ment only services to £60 per month, but has introduced rebates for the larger funds. At the end of 1978, the port-folio was split—35 per cent fixed interest, 46 per cent UK equities, 6 per cent by the per cent of the equities.

finterest, 46 per cent tox equities, 6 per cent overseas equilies, and 11 per cent property. These proportions have not changed significantly during the first four months of 1979. The equily con-tent, both UK and overseas has been increased and the property content slightly lowered in per-centage terms.

First guarter upset for Twinlock

Continued unofficial action has bad a significant effect on profitability at Twinlock during the first quarter of the current year, Mr. A. K. L. Stephenson, cbairman, tells members. But, he says, it is hoped to

recover, in the rest of the year, much of the ground lost. The directors are investing in

both plant and market research to ensure continuing growth, bc adds.

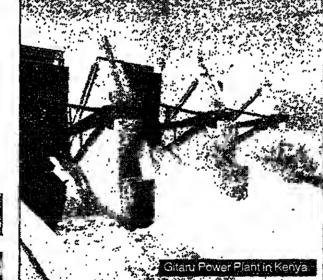
As reported on June 1, second half profits of fim (f0.55m) boosted the taxable surplus for the March 2, 1979 year to a record £1.41m (£0.64m).

The company, which manufac-tures loose leaf equipment, systems, filing producta ctc., resumed dividend payments resumed dividend payments after a two year absence with a maximum permitted 0.5628p net, as forecast. At balance date fixed assets

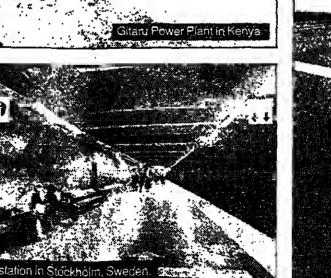
At balance use inter asers stood at 56.6m (£5.74m) and net current assets were well up at £6.32m scainst £3.44m. Worklog "capital "showed" an increase of £2.39m (£57,000).

THE WORLD IS OUR CONSTRUCTION SITE.











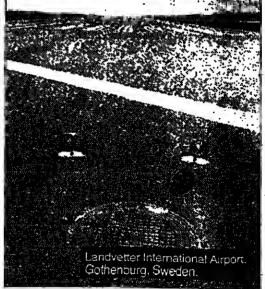
/e are one of Europe's leading contractors with rapidly increasing worldwide engagements. Internationally we work mainly with technically advanced constructions, although we undertake all kinds of projects. Design-construct and turnkey contracts have become something of a speciality for us. Technical know-how of high standards is one reason for our success. A good and sound economy, which guarantees the fulfilment of all our engagements, is another. Our turnover in 1978 was 7,623 million Swedish Kronor.

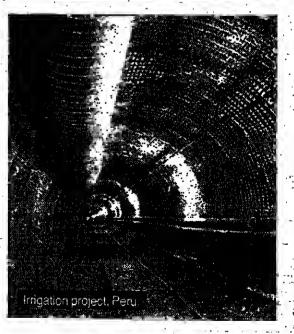
This is our consolidated balance sheet, December 31, 1978 -in millions of Swedish Kronor (1,000 Swedish Kronor-approximately £ 110 in June, 1979).

Assets Current assets: Cash in hand and bank balance Receivables

Properties classed as current assets

Fixed assets: Other receivables Shares and participation certificates Machinery and equipment Properties classed as fixed assets



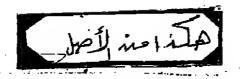


		Liabilities and Equity Capital Current liabilities	1,805
lance	1,359	Uncompleted contracts	2,000
	2,814	Billings from commence-	1. e.
ent		nient of contracts 7,447	
	2.054	Expenditures from	
	6,227	conimencement of contracts _5.970	1,477
			3,282
	334		
· ·		Long-term liabilities	2,439
	196	Untaxed reserves	1,083
t	324	Share capital	135
i		Reserves	201
• .	182	Net profit for the year	123
	1,036	Total SKr m.	7,263
Total SKr m.	7.263		



S-182 25 Danderyd/Stockholm, Sweden Icl. +46-8-753 80 00. Telex 11524 Skanska S

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OMPANY NOTICES

GOLD FIELDS GROUP DECLARATION OF DIVIDENDS

The following dividends have been declared in South African currency, payable

Asian of Company (Ail companies are locorporated to the Republic of South Africa)	Dividend	Amount per nhare cepts
Interim Dividend East Dividend Gold Mining Company Limited Flast Dividenda	. 12	55
Boordontain Gold Mining Company Limited Ktoof Gold Mining Company Limited	48 19	40 80
Libanop Gold Mining Company Limited Ymtersport Gold Mining Company Limited West Driebontein Gold Mining Company Limited	57 78 53	30

UI bu posted on an nhout 6 August 1070. d Mining Company Limited. No dividend has been declared by this com-meral meeting hed on 19 April 1979 un model to conduct a model of the set of the company from memory are share to 80 c of the set of the company from memory are share to 80 c to of business on 29 Junces 29 Subject to the reductive of the outh Africa, 11 is the intention that checked warrants in respect of the of on or about 6 August 1979 to members at their reductive addresses a of on or about 6 August 1979 to members at their reductive addresses a tribut of business on 20 Junce 1979. Existing dividend mandates of a ware of the company by 20 June 1979. I resolution was pasted or oviding 90 cents per share to 80 cents p members registered in the books of the reduction being confirmed warrants in respect of thin repays heir reduction of the part of the statement of the statement warrants in respect of thin repays

Wing to the payment of dividends, and the conditions relating to the repair Mining Company Limited, are obtainable at the abare transfer offices and of the companies. Requests for payment of the dividunds or the repayment of capital to South African currency by members e United Kingdom registers must be received by the companies concerned on or before 29 June 1079 In lance with this abovementioned conditions. The registers of members of nH the ubove companies will be closed from 30 June to 5 July 1979, tectusive

49 Moorgate, Instan EC2R 88Q.

代告

Untited Kingdom Registrar Liose Registrars Limited, 103 High Road,

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27000 E10 7AA.

RAND MINES LIMITED

By order of the boards, C. E. WENNER, London Secretary

BUSINESS & INVESTMENT

Full Service is our Business

Malhox, telephooe and

• Translations and secre-

Formation, domiciliation and administration of

Swiss and foreign, com-

Full confideoce and discretioo BUSINESS AOVISORY SERVICE 3 rua Piarre-Fatio, 12004 Geneva Tel: 36 05 40 - Telea: 23342

LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1976

BARON MOVING COMPANIES ACTS 1948 TO 1976 BARON MOVING COMPANY LIMITED NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that & Meeting of the Cleditors of the above-nemed Company will be hold at the officer of

situated at 3/4 Bantinck Street,

3/4 Bentinck Street, London W1A 3BA, on Wednesday, tho 20th day of June 1979, si 12 o'clock midday, for the purposes monitoned in asctions 294 and 295 ol the said Act. Dated this 4th day ol June 1979. By Order of the Board, A, SAN, Director,

By Order of the Board, A. SAN, Director, EMBER LEISURE GROUP OF COMPANIES LIMITED AND IN THE MATTER OF THE COMPANIES LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948 NOTICE IS HEREBY GiVEN that the creditors of the obova-nemod Company, which is being voluntarily wound up, are required, on or before the 13th day of July, 1979, to send in their full Christian and eurnemes, their addresses and descriptions, full perticulers of their debts or cleims, end the names end addresses of their Solicitors (if eny), to the undaroigned LEONARO CYRIL CURTIS, FCA, of 3/4 Bentinck Street, London W1A 3BA, the Liquidetor of the seld Company, and, if so required by notico in writing from the seid Liquidator, are, personelly or by their Solicitots, to come in and prove thoir debts or claims at auch time and place as shell be spacified in such notice, or in defsult thereof they will be, excluded from the benefit of any' distribuilon meda before such debts are proved. Deted this 1st day of Juno, 1979.

eny: distribution and bits are proved, Dated this 1st day of Juno, 1979. LEONARO CYRIL CURTIS, Lequidator.

IN THE MATTER OF

LEONARD CYRIL CURTIS. LIQuidator. IN THE MATTER OF SOCAMPOP PRODUCTS LIMITED ANO IN THE MATTER OF THE COMPANIES ACT 1948 NOTICE IS HEREBY GIVEN that the creditate of the shows-named Compeny. which is being voluntarily wound uo. ore required. on or beloa the 13th day of July, 1979, to send in their lull Chnetion and surnames, their addressus and descriptiona, full periculars of thuir debts or cloima. end tho names and descriptiona, full periculars of thuir debts or cloima. end tho names and descriptiona, full periculars of thuir debts or cloima. end tho names and addresses of their Solicitors (11 any). to the undersigned LEONARO CYRIL CURTIS, FCA, el 3/4 Benunck Street. London W1A 3BA. the Liquidator ef the seid Compeny. und, if uo required by notics in writing from the adid Liquidetor, ere. personally or by their Solicitors, to come in and prove their debts or claima at auch time end pleca as shall be specified in tume and pleca as shall be specified in time excluded from the benefit of eny distribution made balore such dobts eff proved. Oated this 1st day of June 1979. Dated this 1st day of June 1979. Dated this for day of June 1979. Dated this 1st day of June 1970. Dated this 1st day of June 1970. Dated t

THE COMPANIES ACT. 1948 In the Motiar ol OERINGER INVEST-MENTS (LONOON) LIMITED, Proporty Deslors. Winding-uo Order made 14th May 1979. Osts and otaca ol filat mastinge: Creditore 26th Juno 1979, at Room G20, Atisniic Nouso, Nalborn Vieduct, London EC1N 2410, ot 10.00 o'clock: Contributories on the enms day end at the same place et 10.30 o'clock.

G. B. GILLVRAY, Official Ruceivar and Provinionul Liquidator.

PUBLIC NOTICES

MERTSMERE BOROUGH COUNCIL 5600,000 81/8 Issued on 13th Junu 1979. At 11.552% to mature on 13th Scotten-ber, 1979. Total eppications \$4,200.000. Total autistanding \$600.000.

Who will provide jobs for our

disabled ex-Servicemen?

PERSONAL

Liquidato

hold at the offices of LEONARO CURTIS & CO.,

VA

OPPORTONITIES

GENE

Law and Taxation

telex services

tarial aervices

panies

(Incorporated in the Republic of South Africa) A Member of the Barlow Rand Group



DIVIDEND DECLARATIONS

NOTICE IS HEREBY GIVEN that dividends have been clared payable to members registered in the books of the dermentioned companies at the close of business on 29th ine. 1979 and to persons presenting the appropriate coupons tached from share warrants to hearer. The dividends oo are warrants to hearer will be paid in terms of a further tice to be published oo or about 6th July, 1979.

Name of Company (Each Incorporated in the Republic of South Africa)	Ilividend Number		Coupon Number	South African Currency— cents per share
lyvooruitzicht Gold ining Company, Limited urban Roodepoort Deep,	(Final)	67		65
inited ast Rand Proprietary	(Interim)	111	111	40
ines, Limited	(Interim)	115	116	10

The register of members of each company will be closed m 30th June to 8th July, 1979, iociusive, and dividend urrants will be posted oo or about 2od August, 1979.

The dividends are declared in South African currency and e rate of exchange at which they will be converted into itted Kingdom currency for payment hy the United Kingdom gistrars and Transfer Agents will he the telegraphic transfer le of exchange between Johannesburg and Londoo ruling on e first buainess day after 30th June, 1979 on which foreign rrency dealings are transacted.

Where applicable, Sonth African non-resident shareholders' c of 15% will be deducted from the divideods.

The full conditions of payment of these divideods may be specied at or obtained from the offices of the companies in hanneshing or in the United Kingdom.

BANQUE DE PARIS	RESIDENTIAL
ited Kingdom Registrars arter Consolidated Limited). Box 102, Charter House, rk Street, Ashford, Kent Tr	,
Fox Street, banneshurg 2001, .O. Box 62370, irshalltown 2107).	40 Holhorn Vizduct, London EC1P IAJ.
Adm gistered Office: :h Floor,	By order of the Boards. V. M. MURTON inistrative Manager and Secretary Offices in the United Kingdom: Charter Consolutated Limited,

BIDS and DEALS

Dobson calls off takeover talks with Mining Supplies

keeo to exploit the export oppor-tunities offered by a "long wall" mining eqoipment package of an mining equipment package of an enlarged group, but it hecame clear the negotiations foundered on the inteoded structure of the combined compaoies. A spokes-man for Miniog Supplies' advisors, Singer and Friedlander, pointed out that the considera-tion hear not hear discussed Vatoo had not heen discussed. He stressed that he knew of oo other potential bids for Mining offer for the capital of Scottish

upplies. Mr. Arthur Snipe, chairman of is oow uncooditional in all ining Supplies, had revealed respects and that the offer nat he was talking to other remains open until further Supplies. Mining Supplies, had revealed respect that he was talking to other remain parties interested in making an notice.

each Bestohell ahare at 200p.

rejected

Shares to Mioing Supplies shares are still 10p above the 20.43m ordinary shares and the dropped 7p to 95p yesterday as price hefore Dobson Park's same oumber of deferred shares pobsm Park iodustries called approach was announced. of SUITS which, together with off takeover talks hecause it had oot been possible to "reach a satisfactory basis for a merger." Dobsoo is known to have heen keeo to exploit the export oppor-tersities of area by a function of parts assence. Babcock shares of SUITS. of SUITS which, together with the 9.09m ordinary shares and 9.094.548 deferred already held by Loarho, represents 94.9 per cent of each class of issued shares of SUITS. Mr. Hugh Laughland, chief executive of Scottish and Universal Investments, the hold-ing company which was acquired International, also thought to he

International, also thought to he watching events carefully, revealed that Mining Supplies is a major supplier to its Huwood-Irwin subsidiary in the im-portant U.S. market but added that talks oo closer collaboratioo had beeo dropped. ing company which was acquired hy Lonrho receoily in a hard fought bid, has resigned from the group with effect from June LONRHO/SUITS

Two other directors have also resigned with immediate effect. They are Mr. Frederick Butcher and Mr. John Anderson. Mr. Anderson and Mr. Laugh

land resisted the offer by Lonrho and caovassed sbareholders' support even though other members of the SUIT'S Board, including Acceptancea of the offer have offer before and during the Acceptancea of the offer have the group's chairman Sir Hugh Dobson Park discussioos. The now heeo received in respect of Fraser, had accepted the offer.

Bestobell rejects BTR approach

BTR has apparently heen

ioterested in Bestobell for some

hell's reaction-he did not agree

of Bestohell'a statement."

unchanged at 328p.

the two companies.

Coats Patons in German purchase

Coats Patnns of Glasgow and Gätermann and Company of Gutach, West Germany, have informed the cartel office io to merge. Uoder West German cartel law the purchase of more then the stars as a trustee and based of the stars as a trustee and based of

Uoder West German cartel law the purchaac of more than 25 per cent of a West German cort pany is subject to the approval of the cartel office. Götermann has a stroog thread on the West German market, which raises the question for the cartel office has holding thread on the west German market, which raises the question for would result from a Coats Patons takeover. S. M. Haioes, director, sold 25,000 ordioary shares on June S. W. H. Smith and Snn (Hold-ings) — Viscount Hamhleden, director, has reduced his holding of the company's "B" ordinary shares by \$0,000. Town Centre Securities—Mr. I. A. Ziff, chairman, has reduced his oon-beneficial holdiog hy 20,000 shares. McKeehnie Brothers—Kuwait his oon-beneficial holdiog hy 20,000 shares. McKechnie Brothers—Kuwait

Coats Patons takeover. Twice before, the cartel nffice has ruled that Britisb companies could not take controlling interest in West Germao firms. Guest Keeo and Nettlefolds was prevented from taking a majority preveoted from taking a majority stake in Fichtel and Sachs.

However, io the most recent case of British Petroleum seek-ing to take over the petrol stations and a 25 per ceot share of Rnbrgas from Veba, the West German energy group, the Bono economics minister Count Otto Lambsdorff approved the deal over the cartel office's objections. Coats Patons has had a 20 per cent share in Gütermann since the late 1920s and now both companies want to further

time and has already said the rationalise production. ntd was prompted hy the good fit The Gütermaco group has it eovisaged hetween the pro- 3,000 employees io 10 countries ducts and geographical spread of of whom 900 are in West Germany. Plants exist in Brazil, Mexico, Spain and Switzerland. Group turnover ls estimated at some DM 150m (£37.9m1. Last night Mr. Owen Greeo, the managing director of BTR, said he was surprised by Besto-

AYRSHIRE METAL

that the similarities were only superficial. BTR "will oow examine the situation in the light Knapdale Nominees has acquired 1,767,257 ordinary abares from the trustee holding of Mr. William Simon Wilson, Bestobell's shares closed 1p lower at 207p while BTR was chairman, Koapdale has acquired a further 7,500 ordinary ahares and now holds 2,064,213 Ayrshire Metal Products shares,

SHARE STAKES

Cootrol Securities - Imheka Rotterdam NV has sold its 600,000 ordinary shares to clients of NV Slaveoburg'a Bank cone of whom owns 5 per cent or more of sbare capital.

Peak Investments — Norten Warburg Carter Breed bold 430,000 sbares.

Derby Trust-Cedar Invest-ment Trust is beneficial owner of 150,000 income shares, equivalent to 5.08 per cent of that class. Levex — Mr. K. Maharajh, director, has sold 44,000 shares, reducing his holdiog to 100,000

shares.

Investment office has hought further sharcs, making totaf interest of 2,370,000 sbarcs, 5.5 per cent. Somportex-Mr. S. Waissel has increased bis stake to 64.7a0 shares, 9.25 per cent. KWIK FIT

Kwik-Fit (Tyres and Exhausts) Holdings announces that accept-ances of the offer for Coroh Inter City Properties received have been for 1,330,597 deferred shares and 1,330,597 ordinary shares (99.6 per cent). The offer is unconditional and remains open for a further 14 days but the loan stock and cash affers are no longer available. The maximum amount of

31

£1,064.400 of S per cent conv. loan stock has been alloted. Acceptances of the cash offer were received in respect of 6,890,829 ordinary shares of Kwik-Fit and of these 1,503,455 have been applied for by exist-ing holders of Kwik-Fit.

Advance for **Bankers**' Investment

Net revenue of Bankers' Intestment Trust rose from £1.0aut to fl.18m in the year to April 30, 1979, Net asset value per 2ap share is well ahead from 74p to

S7.7p. The final dividend of 1.375p net lifts the total from 2.55p to 2.875p and the Board is forecast-Ing three interims for the current year of 0.55p, against 0.5p, pay-able in Noveother, February and

May. Gross income for the year was £2.01m, compared with £1.52m, and tax takes £630.345 (£624,056). It is proposed to increase borrowing powers, and as compensation for preference holders; to raise the dividend on their shares from 3.15 per cent to 3.5 per cent.

specialised mechanical, electric industries. and electronic engineering con-

and electronic engineering con-cern, has sold 75 per cent of the share capital of its subsidiary J. and S. Pumps, of Horley, to VMF-Stork in a cash deal worth \$500,000.

BESTOBELL, the fluid engioeer a oumber of "apparent similari-ing and insulation company has ties" hetween the company "but

from BTR, the faat growing rubber, plastic and engioeering group. Last week BTR announced its intention to make a £26.3m hid for Bestohell, which would value added: "It is our view that there are no significant commercial merging its interest with those of BTR."

Writiog to abarebolders already under way to secure the vesterday Mr. Sandy Marshall, maximum return from the the former P and O managing business areas in which Beatobell

director recently appointed chair-had established a well proven, man at Bestobell, told ahare-holders that their Board had market position. "At the same "declined the invitation to time we are developing new engage in merger discussions." activities where there is market

Mr. Marshall said there were opportunity for the future."

takeover approaches on a closer iovestigation these

VMF-Stork, a Dutch engineering concern experienced in pump manufacture, bas an inter-J. and S. Pumps and S. Pumps made taxable J. and S. Pumps designs and makes centrifugal pumps for the 30, 1973. For the year ended group's remaining businesses.

John Menzies (Holdings) -

Cray sells 75% of pump subsidiary

Mr. Marshall said plans were

VMF-Stork has agreed to certai provide further working capital 1982.

of £66,000.

Cray has an option to sell its 25 per cent stake io J, and S. Pumps to VMF-Stork at a fixed price of £202,000 cash during a

CRAY ELECTRONICS, the chemical and petrochemical April 28, 1979, it turned in pre-specialised mechanical, electric industries, tax profits of £217,000 oo turn-Cray and Stork said yesterday over of £1.21m, and oet tangible

assets (excluding the divideod)

certain period in hoth 1981 and

ET DES PAYS-BAS LOATING RATE NOTES 1980 US\$25,000,000

Interest rate accilicable to the loan in respect of six months d of 183 days commencino 11 1979 has been tixed ut 101 he %. 1979 has been thed ut 10116% that accordingly the interest bay-in respect of such prior is calcu-in the actural number of Soo for the actural number of days isoli will be made on 11 December 7 at USJSSISSES ber CODOR, THE FISCAL AGENT, Banque de Paris et Das Pensisa ur Lo Grand-Duche de Locembouro

H.

-

ANK HANDLOWY V WARSZAWIE SA

US\$30,000,00 Floating Rate Notes 1976/81

rate of interest applicable the six months period begin-g on 12th lone 1979 and set the reference agent is 1113 % ualiy.

UNION DE BANQUES ARABES ET PRANCAISES U.L.A.F.

OF SU.S.25.000.000 1977/1982 FLOATING RATES

FLOATING RATES someholders of this loan are hereby irred that the vite solicible for six proofs interest period marr-june 7, 1979 und unding sembor 8, 1879 hnn been fixed at Townon No. 4 will be payable 3s im becember 7, 1978 at a price U.S.SG.SS ecurrelent to a 114 per 1 Interet. on. U.S.J.BOOL red op the basis of 183/360th T.GEOIT LYONNAIS LUXEMBOURG

ANGOSTURA BITTERS G. B. Slepert & Sour) Limited corporated in Trinidad W.11

Incomparated in Trisides W-11 CE 15 HEREBY GIVEN that an n Dardstop of a const per unit team and Withingthing Tax uit the appro-rate for non-residents of Trisides begins of the classes formation begins of the classes on 12th June room 7th June to 12th June non 7th June to 12th June neam 7th June to 12th June neam 7th June to 12th June neam 7th June to 200 Tax from the Resurver will be room 7th June to 12th June neam 7th June to 7th June A . NEDGER Tracter Officer tan Imperial Bank of Commerce.

LORDON ECZN SHN.

ADLOW'S STORES LIMITED

DWENT ENTERPRISES LTO.

Newport Road.

MIDTKRAFT ELECTRICITY

U.S.8.000.00 String Ionst 1979 THE THAT TO GIVEN THIS THE TARK TO GIVEN THIS all the restored at par on 30th June 1970, I which date all interest thereon will be

n which Gate an interest successful to the here bonds may be presented ut the iss of the paying apents det out on reverse of the could be the Terms and dittoke of the Loan printed on the task of the bonds. For repayment of printenal and for payment of shirrs's out of the bonds. To disted 30th out to be appressing the shirrs's the shirrs's out to be appressing the shirrs's the shirrs's out to be appressing to the shirrs's out the shirrs's shirts and so the shirrs's out to be appressing to the shirrs's out to be appressing to be appressing to the shirrs's the shirts of the shirts's shirts of the shirrs's the shirts's out to be appressing to the shirts's out to be appressing to be appressing to the shirts's out to be appressing to the shirts's difference out to be appressing

J. M. ROTHSCHILO & SONS LIMITEO W Coort. LONDON ECAP 40U. June 1979.

HEEC CENTRAL RAILWAY COMPANY

4" first mortgage DEBENTURE streaming for the symmet of the investive interest due August 1, 1978, the above Stack the Transfer Book of will be re-opened on July To REEVE, Astislant Secretary, Finaburg Square,

Finabury Square. Unden EC2A 100-B 11, 1978.

IN THE MATTER OF EMBER RECOROS LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948 NOTICE IS HEREBY GIVEN that the troditors ol the above-named Company, which is being voluntarily wound up, are required, on cr belers the 13th day of July, 1979, to scnd in their luft Christian ond summans, their ediresses and descriptions, full particulars of their dabts or Claims, and the nemes end addresses of their Solicitors (if eny), to the undoreligned LEONARD CYRIL CURTIS, FCA, of 3/4 Bantinck Street, London WIA 3BA. the Liquidator at the said Company, and, if so required by notice in writing from the seid Liquidator, are, otemonally or by their Solicitors, to come in snd prove their debts or claims at euch time end place as shall be specified in auch nolice, or in default thereof thoy will be excluded from the benefit ol any distribution made baloro such debts are oroved. Detad this 1st day of June, 1979. LEONARD CYRIL CURTIS, Liquidator. PROPERTY FLATS AND PENTHOUSES

TO LET CLOSE TO THE CITY

A adjection of suporb 2 and 3 bedroomed flets and ocnthouses with menilicant torreces and balconioa set in this exciting naw Themeside development on the South Bank and within Ceay working distance of the City. Rentols range from £140.00 to £220.00 p.w. to include C.H.,

C.H.W., lifts, pertorago, entryphone, HIGHLY RECOMMENDED Cantact Jennilar Rudnay KEITH CARDALE GROVES 01-629 6604

REAL ESTATE FOR SALE SWITZERLAND

Lovely apartments on Laku Gunevo in beoutiful Montreux, Rolle and in tempos mountuin rasorts, Individual chalets reasonebly priced, Liberal finuncing terms (4.25% interest).

For particulars write to: Developer, c/o Globe Plan SA Ava Ouchy 14 1006 Lausanna, Switzerland or cell (021) 27-35-06

RESIDENTIAL ESTATE DEVELOPER

offers £1,500 to £20,000 per house profit

Blua First Legel Charge and interest on a day to day basis in sachonsa for innenco on land ond work in progress: Sites ready to start in eross of high domand, two year form. Advertiser on-Challman ol Public Company of Home Builders. Write Box T.5065, Financia Timos, TO, Cannon Struer, EC4P 4BY.

SOUTH KENSINGTON 3 mina. stetion A FREHOLD HOUSE 3 bedrooms (one with shower un auite). double reception room. dining room, kitchen, baihroom. 2 we's, full ges c.b. Attractive yer escluded front gorden. Fully car-peted throughout. £29,500. Froehold. Phone 01-589 6722 (wackends and evenings) or 01-580 5387 (office houra).

American Executives neek luxing Furnished Flag or Houses up to 2.00.00 per week. Unual test recoursed. Publics Kay & Lewis 01-250 2245. PIED A TERRE, within shured oremices. Swit businessman, Victoria Street, SW.1. Write G.C.A., P.O. Box 215. London, S.W.I. Phone 22, 7225. Vood. Quiet period house ur. all uneather & best. 2: batas., 2 large reces. mismo, utility rm. mode, kritheraktast rm. Das C.H., 2 gardes. £300 o.W., Year M2 longer. Dib-77 693

2 gardens. 1136-77 693

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Rudy and Erica Studer, Directors, CH-3862 Montana, Switzerland

PERFORMANCE ISTAINFD INTERNATIONALLY

ENNIA PROFITS FROM





Summary As we forecast, our financial results in 1978

confirm the forecasts we made last year. Both profits and gross receipts went up, gross receipts by 8% from dfl. 1,849 million

to almost dfl. 2,000 million; profits after tax by 29% from dfl. 42.9 million to dfl. 55.5 million. Overseas interests showed reasonable growth and now account for 23% of all receipts.

These increases are largely attributable to a recovery in our general insurance business. We expect the same conditions during 1979, and our receipts and profits should rise in keeping with them. This

should enable us to maintain both a healthy level of growth, and levels of profits per ordinary share, which rose by 8.4% to dfl.25.96 in 1978.

Life Assurance

The results in this sector continue to reflect the developments we have made in the policies for both company pension fund schemes and individual life policies. Although gross receipts fell by 2% to dfl. 1,099 million as a result of nonrecurring premium movements in 1977,



General Insurance

profit after bonuses and dividends to policyholders rose by 6% to dfl. 58.5 million, and we expect this trend to continue through the coming years.

Annual Results 1974-1978 (in dfl. million)	1978	1977	1976	1975	1974
Gross premium life assurance	651.5	716.3	607.8	743.5	509.8
Gross premium general insurance	609.5	505.7	414.6	360.7	251.4
Other income	651.6	565.4	454.9	356.0	282.4
Gross receipts unconsolidated. company Gross receipts	76.8 1989.4	62.3 1849.7	46.8 1524.1	1480.2	1043.6
Per Ordinary share dfl. 20.00 [°]	dfl.	dfl.	dfl.	dfl.	dfl.
Shareholders funds	285.31	272.20	241.09	246.39	208.16
Net profit	25.96	23.95	20.71	18.45	17.61
Dividend	8.00	7.50	6.50	5.75	5.32

Balanced growth, internationally

'Io: The Company Secretary, Ennia Insurance Co. (UK) Ltd., 130 Fenchurch Street, London EC3. Telephone: 01-186 3111 Please send me a copy of the 1978 Annual Report. Address



Non-Insurance Activities

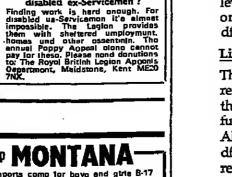
General Insurance

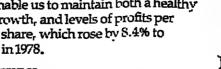
Essential as it is to the fabric of our society, general insurance represents a high risk area for insurance companies. Although the results in this sector represent a

substantial recovery due mainly to the amendment of conditions set in motion in the Netherlands last year they cannot be said to be entirely satisfactory. However premium levels did improve-1977's loss of dfl. 14.1 million was converted into a profit of 1.1 million, and gross receipts rose by 21% to dfl. 719 million.

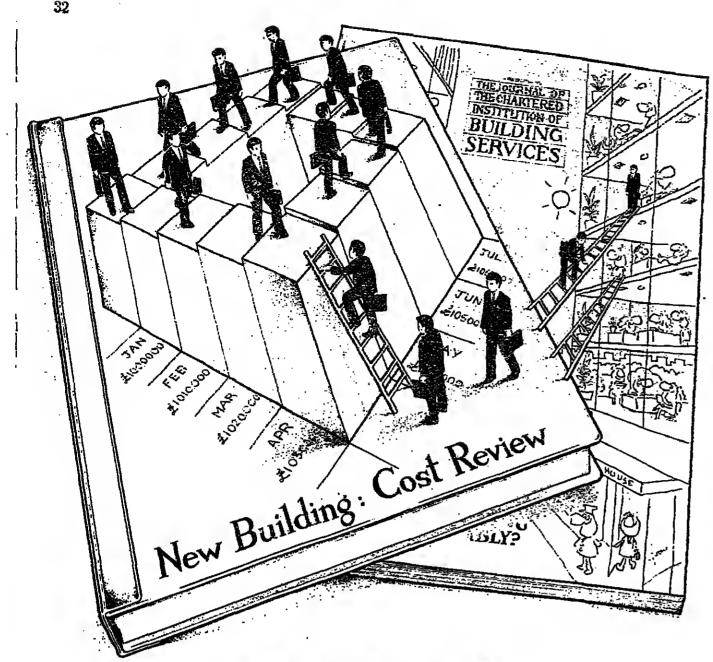
Non-Insurance Activities

Ennia's programme of logical diversification into such areas as financing consumer credit and housing, property investment and development, and holiday sites, has proved itself of considerable benefit. Gross receipts rose by 33% to dtl. 171 million and profits after tax by dfl. 0.1 million to dfl. S.3 million, and we look forward to further growth next year.









The Budget isn't going to stop building costs climbing. But you can control them.

No one's going to stop building costs going up for a while yet, But contrary to the impression you may have got from certain well-publicised contracts, costs can be kept under control -- and a lot of the people who know how to do it are working for Bovis. Boyis sive you money in two ways; by not wasting time and

by technical ingenuity. When we re-constructed half of the former Biba building in Kensington for Marks & Spencer we finished in time for Christmas 1977, over a year earlier than orthodox methods would have achieved. The architects for the IBM building at Greenford thought

the job nearly impossible, but perhaps Bovis could do it. The go-ahead came on January 10, 1977; we were on site by February 1, delivered the first phase a month early and the whole £4 million worth in just 13 months.

What Boyis contribute is, above all, management. If you would like to know how our methods could save you money, get in rouch with John Gillham on 01-422 3488.

Boyis Construction Limited, Bovis House, Northolt Road, Harrow, Middx, HA20EE. Telephone: 01-422 3488. Please send me details of your services.

Name Company Address Tel: **Bovis** FT13'6

MINING NEWS

West Driefontein final beats the forecasts

BOARD MEETINGS

TODAY

FUTURE DATES

For its part. Societe Le Nickel,

BY KENNETH MARSTON, MINING EDITOR

WHILE some mixed feelings will he aroused by the eagerly awaited June dividends abnounced by the gold mices in the Consolidated Gold Ficids group, there must be general agreement that the final declared by West Driefontein is outstanding. Above pretty well

TODAY Intsrims—Costiefield (Kleng) Rubber Estale. CompAir, Killinghall (Rubber) Davelopment Syndicate. Saetchi end Saetchi. Scottish American Investment, United States and Generel Truet, Wear-land Aircraft. Finels—Alliance Investment Trust, Beil and Sime. Continuous Stailonery, Country and New Town Properties, Edbro. Electre Investment Trust, Inter-national Timber, News Internstional, Rowlinzon Constructions, J. W. Wassall, Wedgwood, West Bromwich Spring. all expectations, it is 415 cents (238p) and makes a total for the year to June 30 of 615 cents against 355 cents for the previous year. All the payments are comfort-ably higher than those of a year

ago, but there will be disappoint-ment with the size of some of the Interime Auple International First Union General Inv. Trust Imperat Group Nash (J. F.) Socurnies Amber Industriel British and Cmnwth. Shippong June 14 British and Cmnwth. Shippong June 14 Caladonie Investments Heime Williems July June 7 June 29 June 14 ment with the size of some of the increases. A good deal better pay-ment had been expected from Veolerspost, for example, than the final now declared of 30 cents which makes a 1978-79 total of 45 cents against 25 cents for the Helma June 26 Heywood Willisms July 2 Kleen-E-Ze June 25 Lsthem (Jemes) July 11 London and Assoc. (nv. Trust June 20 Moran (Christopher) June 20 Norcros June 22 previous year.

previous year. June, Oec., June, Dec., 1379 1978 1978 1977 Deomfontein. 40 '20'30 '20 East Oria. *35 73 *40 43 Kloof 80 '30 '30 '40 Venterspost 30 *15 20 *5 Vlakfontein. Nit 18 Nit 15 W. Driefnin. 418 '200 250 *135 Morr had been expected from Doornfontein which is paying a final of 40 cents to make a total of 60 cents against 50 cents. The

of 60 cents against 50 cents. The

Provincial stake in Cluff Lake uranium

Mokta noted that, since the speciality and quality production rather than mere volume. another member of the Imetal group, has, as the annual report will be CS110m (£45.2m) and by the end of next year CS160m will have been speot on the deposit. stated "suffered profoundly" from the crisis in the nickel market. Indeed its 1978 loss was FFrs.512.7m (£56m), excluding provision for the depreciation of Amok is one of six uranium companies in which Mokta is engaged. The group, whose stock values. But Le Nickel now thinks that activities also span iron, non-ferrous metals and maoganese,

the crisis has passed the worst and that more normal conditions last year made a net profit of FFrs.27.2m (£2.97m) and paid a dividend of FFrs.15.0 (1.64p). Mokta is part of the Imetal group, other units of which did

Financial Times Wednesday June 13, 1979

On the other hand, Kloof bas beaten expectations with a final

of 80 cents to make 110 cents

has matched most bopes with a

10 cents in December which followed a capital repayment of

Reduced loss

sson, the managing director, said in March that he expected

LKAB's operating loss to be some SKr 200m less in 1979 but he now predicts that the reduc-tion will be in the range of SKr 250m.

In addition, the Swedish par-liament has approved in prio-ciple a special reconstruction loan to LKAB not exceeding

1.1hn, to he drawn during

...

at Kiruna

cents.

Australia ends controls on

mineral sales

HOPES THAT Australia i towards moving towards a more pragmatic policy for the develop ment of the country's buge existing and potential mineral wealth comes with the news of a widespread lifting of mineral export controls.

against only 40 cents and Libanon It follows the more flexible It follows the more flexible approach to uranium mine development: the basic rule that ownership of uranium deposits must be 75 per cent Australian is now being relaxed to allow local ownership to fall to 50 per cent. in cases where sufficient local capital cannot be obtained for the higher percentage and final of 100 cents which makes a year's total of 150 cents against 100 cents. No dividend is being declared by Vlakfontein which, instead, recently decided to make a capital repayment of 10 cents to holders registered on June 29 for the higher percentage and where local participants retain next. The company, which now mills ore from surface dumps, paid a single dividend for 1978 of

policy control. The Australian Trade and Resources - Minister, Mr. Doug Anthony, has announced the removal of a large range of minerals from Federal Govern-ment. export controls and has issued blanket export approvals for other minerals, effective immediately.

Exporters of the minerals will no longer be required to obtain mineral export permits from his department prior to export, he THE SWEDISH State Iron ore THE SWEDISH State Iron ore mining company, LKAB at Kiruna, recorded a pre-tax loss of SKr 129m (\$14.2m) on sales of SKr 668m during January-April, compared with a loss of SKr 218m on turnover of SKr 499m for the same period of 1978. Deliveries during the four months totalled \$2m tonnes, up from 6.5m in January-April last year, reports our said in a statement. Minerals removed from export

Minerals removed from export cootrols are: natural abrasives including industrial diamonds, antimony orea and concentrates. barytes, heryllium, cadmium and chromium ores and coocentrates. clays, felspar, fluorspar, gold orea and concentrates, graphile, organic concentrates, graphile, April last year, reports our Stockholm correspondent. The increase io deliveries, most noticeable for high-phos-

granite gypsum. Limestone, magnesite marble, mica, molybdenum and niobium most noticeante for high-phos-phorus ore and pellets, was mainly due to higher steel pro-duction in the European Common Market. But because steel consumption has not risen as rapidly it is thought uncertain how here the improved situation ores and concentrates, quartz, sand, silver and platinum group ores, and concentrates, sulphur. pyrites, tale, tantalum, tellurium and vanadium ores and concentrates, other minor raw how long the improved situation and aemi-processed minerals.

will last If the general economic The blanket export approval covers nickel ores concentrates, picture does not deteriorate in the second half, however, 1979 matte, apeiss and oxide, lead ores deliveries are expected to total about 27m tonnes as against 24.5m tonnes for last year. Last year LKAB recorded a pre-tax loss of SKr 675m on sales concentrates, slags and residues, and hullion, zinc ores concentrates, slags and residues, manganese, tungaten, acheelite, wolfram and bismuth ores and concentrates. of SKr 1.9hn. Its operating loss was SKr 499m. Mr. Sven Johan-

Mr. Anthony said he proposed freely to approve all applications to export mineral sands except where the Federal Government saw environmental objections, He added that he bad reached agreement with the premiers of Qneensland and Western

tion will he in the range of SKr 250m. In its figures for January-April, LKAB has not included a newly approved Government guidelines which were intro-grant of SKr 200m, designed "to meet financial strains in 1979," but will record it as extra-ordinary income for the year as a whole. In 1978 the company received a similar grant of In addition, the Swedish par-liament has approved in prio-lines previously cut little ice in lines previously cut little ice in a world bnyers' market and are now less necessary in view of the general improvement in commodity markets.

, and that more normal conditions f are returning. But it noted that the speed of the recovery will depend on the level of stocks held by the producers. In fact, recent price rises from the producers, led by Le Nickel. suggest that the market has moved very quickly from over-supply to shortages in some areas. roup, other units of which the not have such a happy year. the pi Penaroya, the lead and zinc sugge group, nursing a loss of moved FFrs38.2m (f4.17m) for 1978, supply said in its annual report that it areas.

This announcement appears as a matter of record only.

SET 1.1hn, to he 1979-81, ---

Pig

1.pe

iolerim for 1979 of 55 cents declared hy East Driefontein is also below expectations; last year's total was made up of an interim of 40 cents and a final of 75 cents. envisaged further price rises for zinc but that it did not exclude the possibility, of the industry

THE Saskatchewan Mining De-velopment Corporation, the Canadian provincial agency, is to take a stake of hetween 20 and 30 per cent in Amok, the French consortium developing the Cluff Lake uranium deposit. Negotiations on the method and form of the association are remaining unprofitable until production over-capacity had been eliminated. Eliminated. Zinc production held steady last year, but deliveries in-creased. Lead production was maintained at a high level. Pennaroya stated. However, as a mater of general policy there is to be a further ambain on and form of the association are taking place, according to Mokta, which holds 25 per cent of the veoture. to he a further emphasis on

middle of last year. Amok had beeo making the necessary arrangements to bring Cluff Lake to production early in 1981. Investment this year and in 1980



This announcement appears as a matter of record only

THE REPUBLIC OF HONDURAS

US\$18,000,000

Complementary Financing of the INTER-AMERICAN DEVELOPMENT BANK

For on-lending to EMPRESA NACIONAL DE ENERGIA ELECTRICA To finance part of the "ELCAJON" Hydroelectric Project

managed by

International Mexican Bank Limited -INTERMEX-

Banque Belge Limited ~Société Générale de Banque S.A.

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Banque Belge Limited First Pennsylvania Bank N.A. Japan International Bank Limited **Orion Bank Limited**

SFE Banking Corporation Limited -SFE Group

International Mexican Bank Limited -- INTERMEX -

CELANESE MEXICANA S.A. U.S. Dollars 39,000,000 Mexican Pesos 300,000,000 Syndicated Medium Term Financing managed by Banco Nacional de Mexico, S.A. International Mexican Bank Limited -BANAMEX--INTERMEX-

The Royal Bank of Canada

Banco Nacional de Mexico, S.A.

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Amsterdam-Rotterdam Bank N.V. inden Gared Banco del Atlantico, S.A. Bank of Montreal International Mexican Bank Limited Nacional Financiera, S.A.

Union Bank of Switzerland

Dollar Agent International Mexican Bank Limited -INTERMEX -

 \checkmark

May 1979

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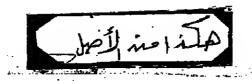
Bank of Montreal

Multibanco Comermex, S.A. The Royal Bank of Canada

Peso Agent Banco Nacional de Mexico, S.A. -BANAMEX-

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Financial Times Wednesday June 13 1979

Notice of Redemption

Santa Fe International Finance Corporation

91/256 Goaranteed Bonds due 1986

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of July 15, 1976 among Santa Fe International Finance Corporation, Santa Fe International Corporation and The Chase Manhattan Bank (National Association), as Trustee, \$600,000 in principal amount of the above Bonds will be redeemed through operation of the Sinking Fund on July 15, 1979 at the principal amount thereof to-gether with accrued inverses thereon to said redemption date.

The serial numbers of the Definitive Bonds to be redeemed, all bearing the prefix M, are as follows:

	1400	3213	D837 -	8037	10216	12072	14283		20565	20675	22237	24574	26221	28407	
22	1487	3403	5852	8058	10229	13086	14369	15277	13265	20707	22383	24630	26334	28502	
39	1558		5914	8112	10289	12321	14371	16229-	10348	25737	22517	24633	26394	28583	
	;1596	3788	5941	8154	10313	72323	14441	16347	134.3	20747	22920	24665	26480	28716	
64	1630	3860	5996	8208	10335	12345	14516	16357	18470	20212	22975	24707	25615	28718	
- 97)	1675	3865	6083	\$410	10533	12356	14519	1635	.18451	20254	22049	24805	28572	28752	
-102			-6155 -		10370	12466	14638	16471	19684	208:22	23261	24845	26576	28760	
122		3901		8463	10413	12493	1-659	14314	18a. 4	20914	23287	2-248	26592	28795	
124	1802		6257		10465		14672	10039	18651	20916	21296	24356	26607	28852	
149		4164	6334	8564	-106CB.	12634	14716	16597	18655	20959	22424	24868	26608	28894	
219	1829	4170 ⁻	6354	8736	10693	12794	14764	16602	15799	20996	23-44	24869	26644	28919	
	-1260	417.1	6428	8757	10726	12831	14865	16716	1\$822	21004	23446	24872	26708	28931	
248	1873	4223	643S	8506	10727	12878	14909	16367	18602	21022	23465	24358	26731	28968	
383	1886	4250	6528	8873	10729	13057	14965	16918	18912	21153	23545	24893	26783	28969	
427	2006	4810	6575	8898	10762	13079	14979	16922	19024	21205	23555	25008	26832	29026	
453	2015	4391	6624	8926	10790			16934	19070	21350	23576	25009	26890	29083	
500	2061	4484	6646	8991	10822.	13171	15053	17031	-19096	21404	.3553	25041	26900	29101	
598	2076	4508	6747	9097	10950	13214	15088		19234	21-23	22598	25187	26904	29155	
668		4544	6532	9102	10971	13219	15191	17131	192.5		22614	25290	27093	29190	
766	2147		6890	9103	11018	13246	15379	17136	19276	21567	23557	25813	27133	29224	
831	2151	4722	6939	9112	11198	13294	15435		19358	21569	22659	25338	27276	29288	
849	2178	4768	6998	9314	11248		15518	17202	192.65	21699	22767	25365	27282	29302	
907	2183	4790	7014	9324	11319		15530	17209	19455	21724	22769	25334	27448	29306	
1003	2215	4805	7059	9370	113-17	13437	15567	17228	19558	21761	23863	25455	27492	29307	
1010	2218	4962	7062	9398	11446	13-41	15576	17285	19675	21811	22906	25561	27519	29309	
1028	2242	4981	7176	9416	11492	13560		17297	19723	21967	22917	25614	27543	29316	
	2418	5002	7186	9417	11586	13570	15615	17384	19255	21997	24027	25615	27692	29348	
1117	2433	5022	7286		11599	13538	15540	17448	19855	22919	2-009	25744	27747	29409	
iiia'	2531	5109	7304	9576	1169-	13685	15700	17446	19835	22035	24159	25782	27761	29419	
1123	2566	6174	7813	9581	11715	13705	15717	17482	19973	22104	24173	35312	27792	29439	
1132	2648	5219	7338	9628	11718	10722	15718	1.556	20101	22184	2-203	25815	27915	29454	
1207	2652	5249	7297		11724	13823	15791	17577	20205	22274	24219	25886	27921	29483	
1240	2667	3269	7421	9672	11728	13877	15869	17650	20255	22324	24227	25891			
1312	2758	5832	7535	9698	11772	13934	15923	17654	20156	22267	24228	25894	28016	29549	
1315	2962		7541		17831	13959		17797	20475	20083	24408		28018	29565	
1328	2992	5565	7681		11901	13990	16005	17819	20512	22418	24408	25302	28081	29584	
1328	3006			9794						22425	21153	25939	28090	29625	
		5709	7716		11919	1-0-0	160.9	17845		22574		25971	28153	29750	
1401	3102	5759	7770	9796	11988	14091	16118	17877	20559	223/4	24530	26093	22186	29935	
1428	3158	5795	7901		12031	14191	16174	17895		22632	24531	26176	28384	29988	
1428	8179	5833	7924	10092	12065	14243	16210	. 17987 -	20665	22815	24539	26200	28386	29998	

Interest on said Bonds shall cease to accrue on the red-mption date and on said date the redemption price will become due and payable on each of said Bonds called for redemption.

said that the relamption. Payment of the Bonds to be redeemed will be made upon presentation and sur-render thereof, together with all coupons appurtenant thereto maturing subsequent to the redemption date, at The Chase Manhattan Bank (National Association) in the Borough of Manhattan. The City of New York, or, at the oplion of the holder, at the offices of The Chase Manhattan Bank (National Association) in Frankfurt/Main, London and Paris, and at the offices of Nederlandse Credietbank N.V., in Amsterdam, Banque de Commerce S.A., in Brussels, Swiss Bank Corporation, in Basel and Zürich, and Banque Internationale à Luxembourg S.A., in Luxembourg, Such Bonds and coupons should be surrendered at the office of The Chare Manhattan Bank, N.A. Corporate Bond Redemptions, 1 New York Plaza, 14th Figor, New York, New York 10015 or, at the option of the holder at:

	The Chase Manhattan Bank, N.A. P.O. Box 440 Woolgate House, Coloman Street	Banque Internationale à Luxembonrg S.A. 2. Boulevard Royai Lauxembourg, Loxembourg	
	London EC2P 2HD, Eogland	Nederlandse Credietbank N.V.	
	The Chase Manhattan Bank, N.A.	Herengracht 458	•
. [.] .	Main Office	P.O. Box 941	
· •	41 Rue Cambon	Amsterdam. The Netherlands	
	Paris 1ER, France	Swiss Bank Corporation	
1	The Chase Manhattan Bank, N.A.	1 Aeschenvorstadt	
· · · ·	Frankfurt Branch	CH-4051	·
	P.O. Box 4428	Easel, Switzerland	
	Taunnsanlage 11	Swigs Bank Corporation	
· ·	Frankfort/Main 1, Germany 6000	Paradeplatz 6	
	Bangne de Commerce S.A.	8022, Zürich, Switzerland	•
	S1/52 Avenue des Arts		•

Brussels, Belginm . 12 . . Coupons which shall mature an said redemption date should be detached and surrendered for payment in the usual manner.

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SANTA FE INTERNATIONAL FINANCE CORPORATION By The Chase Manhattan Bank (National Association) 1. . . as Trustee

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Dated: June 13, 1979

Offices at Gatwick worth £7.9m.

CONTRACTS

The British Airports Autho-rity has placed a £7.9m contract. with HIGGS AND HILL BUILD-ING for the construction of a new hesd office on its own land at Gatwick airport. Work will begin this month and the build-ing is due for completion in spring 1951. It will be used to bouse its 650 beadquarters staff currently occupying three dif-ferent London buildings.

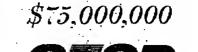
WILLIAM PRESS AND SON has been awarded two piping contracts worth more than £8m by the Metropolitan Water Division of the Thames Water Authority. The larger contract, valued at £4.7m, is for the Western Areas of Greater London and covers the installa-tion of new water mains and maintenance of existing distri-buton aystema over a three-year period. The aecond con-tract, worth £1.4m, calls for the same service in the Southern same service in the Southern Area of the Authority's Metro-politan Water Division.

A contract worth in excess of f2m for transporting beavy refinery modules and equipment to the Texaco Guif consortium's new cracking unit at Texaco'a new craining unit at leader Pembroke refinery has been won by P and O's special logistics unit, SPU. The contract involves the movement of 11 outsize medulea from fabricators' yards in Italy to the Pembroke site, plus four from Willebrook, near Antwerp, one from Grange-mouth and three from Hartlepool. The modules vary in sizes from 55 metres long by 6 metres in diameter to 28 metres long by 15.5 metres in diameter.

A £1.5m contract for induced and force draught fan motors for the Drax B power station in Selby, Yorkshire, has been won by LAURENCE SCOTT AND ELECTROMOTORS of Norwich. The contract was placed via Babcock and Wilcox on hehalf of the CEGB.

The Dominion Insurance Comnany has ordered a SPERRY UNIVAC 1100/11 system to be installed in the autumn at its Sldcup offices. The system valued at over £1.25m will replace the company's existing ICL 1900 equipment which will be phased out early in 1980.

A community water supply contract worth £1.25m for Aramco's oil refinery at Dharan, Saudi Arabia, has been awarded 10 SASAKURA ENGINEERING COMPANY. The plant is ex-pacted to be on stream within pected to he on stream within nine months and will consist of six trains, each producing 120,000 IGPD by reverse osmosis, using 12 Du Pont permeatora in each train.





Companhia Energética de São Paulo

Medium-term loan

MANAGED AND PROVIDED BY:

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

- THE SUMITOMO BANK, LIMITED
- BANK OF MONTREAL
- THE BANK OF NOVA SCOTIA
- FIRST NATIONAL BANK IN DALLAS
- FIRST PENNSYLVANIA BANK N.A.
- AGENT:
- MORCAN GUARANTY TRUST COMPANY OF NEW YORK





Companhia Energética de São Paulo

Unsecured notes due 1957-59 Guaranteed by The Federative Republic of Brazil

These notes were purchased by Morgan & Cie S. A. and placed with The Sumitomo Bank, Limited

These announcements oppear as a matter of record only.

1.2

Why should a well-known company like Pioneer use an unknown bank like Pierson?

Our client Pioneer has been making quite a boom in audio equipment. We, however, have remained virtually unheard of.

Despite a century as successful Dutch merchant and commercial bankers.

Luckily: Pioneer heard of Pierson a decade ago. With our help they were the very first Japanese company to raise equity in Europe.

As Pieneer has grown, so have its ties with Pierson. More Japanese clients followed-Mitsui, Komatsu, Matsushita Electric. TDK-joining other internationals like Pechiney, Rothmans, Standard Brands.

Why do big names choose Pierson? Let's be honest, Pierson clients grow not because we offer different services from other wholesale banks. But because we're small and insist on high professional qualities. Which means we're more closely involved with your business. And more apt to discover inventive and original financial ideas for your growth.

Size docsn't limit our international capabilities. Our offices in the finaocial centers; our worldwide banking, legal, fiscal and accounting connections - as well as our international capital market experience and foreign exchange expertise-help our clieots flourish in foreign markets.

And there's another reason for companies to pick Pierson: Hoiland, A financial center with attractive cooditions for international compaoies.

You're probably now asking yourself why Pierson-with so much to oller-is so unknown. Could it be that our clients simply aren't talking about us? Are they trying to keep us exclusively for themselves?

If so, let us enlighten you. Contact the closest Pierson or write for more information: Mr. Tom van Manen of our Marketing Department, 214 Herengracht, Amsterdam, The Netherlands.

PIERSON, HELDRING & PIERSON NV. Get to know the bank hose main service is service.

The Netherlands: Amstendam (Head Office), The Hague, Rotterdam and Haarlem Fareign brunches and subsidiaries, representative offices, trust offices and affiliates in: Bernuda, Curaçuot N.A.I, Guernsey (Channellslands), HongKong, Jakarta, Loudon, Luxembourg, New York, San Francisco, Zurich and Toky o. Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

Harnischfeger will study Paccar offer tomorrow

Gulf and Western boosts profits

MILWAUKEE-The Board of ceived management's recom- its board, may request the Com-traischfeger Corporation will mendation. Anssioner to hold a hearing on Karnischfeger Corporation will mendation, purg tonorrow to study the pro-

the mongased net earnings for year stool at \$1,69hn,

sales let the period at 83.95n Gulf and Western express set from \$3.15n. The period at 83.95n carnings for the year cating trigs have been increased to July 51 to mercase to twell in \$4.15 from \$1.82, crease of \$200m."

The remarks act profits for Mr. Charles G. Shihldon, sound quarter were slightly chairman, and Mr. Dwill N.

artic sates compared with Judelson, president, noted that \$43.45 at for the corresponding the company's previous highest

Mr. Charles G.

this 4 trader bid for \$20 a share from Pacear, a leading consin, the state in which it is track and construction equipment producer. der can hegin is July 2.

Rarmschleger, which provices minime equipment, also said it his relatined First Boston Consoration to review the proposed and asked its shareholders to deter making a decision onmussioner. wasther to everpt or reject the proposal until they have re-

SY OUR FINANCIAL STAFF

the state may months to \$166.7m.

sittiin asii improved

the proposat, the company said. The company also noted that It such a hearing is held, the under the fakeover laws of Wis-Commissioner might not rule on the effectiveness of the proposal based, the earliest date the teufor S0 days from Pacear's fiting with the Commissioner yester-Under the Wisconsin Take-

day, the company said. It added that under Wisconover Law, Harnischleger said. Pacear's offer cannot be made sta law no recommendation on until it is declared effective by the proposed hid can be made the Wisconsin Securities Conunless and until the offer has become effective.

Harnischfeger, acting through Reuter

Side behaven.

Three Mile energy cost

dation is that the total return of macoeuveriog, allnwed Metropolitan Edison failed.

Rate rise

may include

accident had not occurred. Meagther and Flom and also If there had been nn acci- Kidder Pesbady, the investment dent, the PUC said, revenues banker last antimin. for the 18 mooths beginning . He said that his recommend-July 1 would bave heen about ation to increase the quarterly \$500m for Metropolitan and dividend was dated March 30, about \$690m for Pennsylvania 1979—prior to Brassan's bid and

The PUC staff has advocated Canadian board, the the value of that plant be The company.

about \$22m a month in rewhich is altributable to Mctro-

Ampex expects record earnings

againstan expects to report befor than 05.201 or 45 cents a the 1079 detail peer and the 37 cents a share.

state compared with \$13.2m or or 44 cents a share. Die of sales growth was not \$1.15 a share in fixed 1075. An Orders and backley for 1579 in the magnetic tape sector. SLIS a sharp in fiscal 1978. An supported entraordinary gain from (av credits should boost from fax credits should boost "I expect we will show that 1030 to be an even better year final net carnings to more than unders exceeded 3400m for the than 1879. Subm or \$2.30 a share compared year which is a 25 per cont in-

with \$19.7m or \$1.76 a share crease over the prior year." stast year. Revenue for 1979 should rise by above 15 per cent to more than \$375m from \$222m ei year. the highest year-and backley coucleded. Fourth quarter income before ever-up more than a third over AP-DJ lasi year.

(http://www.extraordinary credit should be last year." operation expects to report befor than 05.200 or 45 cents a All three of the company's produced expects to report better than 65.20 or 45 cents a All three of the company's collecture and earnings for share, compared with \$1.2m or business (segments — audio-tery disal company and the 27 cents chart of the state of the business). the full fixed year and the 37 cents a share. Video enuipment, magnetic tapes to be quarter ended April 29. Greater unisation of tax and deta memory devices—are benefits in the fourth quarter coperted to show an improve-tion, deviced vesterday just ended than in 4075 is estimated to be an in 4070 before extra-incentionary credit should rise by to more than \$8,2m or 70 cents a sided, "Order writing in video share compared with the 1975 was phenomenal," he said, but in encess of 217,2m or 81,253 a fourth quarter than he to \$4,2m and either the highest percent.

were also exceptionally strong.

results for 1979. Ampex directors will probably consider Mr. Vincent Titole vice. directors will probably consider president and freestrer, sold dividend payment at their "We entered ficeal 1850 with June meeting, Mr. Hausman sales exceeded \$750m compared

Advance by Worthington Inds.

COLUMBUS-Worthington in- about 45 per cent from \$1-1.50 more than 25 per cent according to those estimates, sharply dustries funshed fiscal 1979 in fiscal 1978, he estimated. destrues functed fiscal 1979 in fiscal 1978, he estimated, into the these estimates, sharply with a profit rise of nure than He did not make a specific has than the 53 per cent rise to per cent and expects a carrings estimate but such reported for the nine months to there cardines can in the analyst projectors of about court February 28, while coursent decily year even if a \$16m or \$1.45 a store more in profits rose more than 20 per modest recession develops. Mr. the ballpark," but could be a store if. Medianel, charman bit conservative. The company for the nine months, is if of measure and the problem of the non-more than 20 per cent of the former the store in the ballpark." but could be a

Resorts faces inquiry in Bahamas By David Lascelles in New York RESORTS

third quarter By Our Financial Staff

DANA CORPORATION, the inotor vehicle components manufacturer, has raised its nine months net earnings to \$125.4m from \$98.2m. Sales for the period rose to \$2.13bn from a corresponding \$1.67bn, and carnings per share improved to \$3.91

with \$612m, and net earnings for the quarter increased to \$45.4m from \$39m. Per share earnings for the quarter were \$1.41, up from \$1.22.

Seagram hit by currency/losses

Sy Our Financial Staff FOREIGN currency exchange lusses have cut into earnings at

Seagram, the world's largest distilling group, which was

WOOLWORTH'S FIGHT AGAINST THE BRASCAN BID They saw it coming

Brascan approached F. W. Woolworth with a proposed tender offer. Woolworth real.sed and had set about evaluating its true worth, Mr. Edward F. Gubbons the chairman disclosed. HARRISBURG — The Penn- Gibbons the chairman disclosed, sylvania Public Utility Commis-sion (PUC) is recommending offer of S35 a share or a total that Metropolitan Edison be of \$1.13bn for all 29.1m out-that Metropolitan Edison be of \$1.13bn for all 29.1m out-

allowed to recover SO per cent standing Woolworth shares of the increased energy costs finally came nn April 9. caused by the accident at the Woolworth's board two days Three Mile Island nuclear plant, later opposed the offer as The basis for the recommen- inadequate and after two months Brascan

as they would have been if the firm of Skadden, Arps. Sale, accident had not occurred. Measther and Flom and also

not after, as some observers had

Mr. J. R. Page Wadsworth, former chairman of the Canadian Imperial Bank of

The company hired Skadden Arps and Kidder Peahody to

International.

that it had become takeover bait \$130.3m or \$4.34 a share in the Brothers' apparel leases in fiscal year ended January 31. Wonleo Discount Stores Wool- those whose primary job it was compared with \$\$5.501 or \$2.81 worth evenlually paid Rockower to run the company to do that a share.

Sales were \$6.1bn compared. with \$5.53hn.

Because of Woolworth's relawas presented to the Board in tively poor track record in the February sn that when the. stock market the price of the stock was expected to lag behind the progress of the company a factor which would Board decision to oppose the

and Pennsylvania Electric, both In an interview this week, Mr. F. W. WOOLWORTH has ended all borrowings with change at \$251, units of General Public Utilities Gibbons also said that the Canadian Imperial Bank of Commerce, formerly In a letter in Curporation, should be the same Woolworth had hired the law its lower at both the la its largest worldwide lender. The Bank loaned Gibbons said that "notwith-Brascan \$700m to finance its takeover bid for standing recent events, the entire Woolworth organisation Woolworth earlier this year.

make it attractive as a take- offer was unanimous, he said.

over candidate. Mr. Gibbons said he did not "Further, I felt that where have figures on the costs of the there was sunke there must be Kidder Peahndy study or of the fire." Mr. Gibbons was referring to an item in the Wall Street Journal on August 30 that indi-

mated by some. asked himself how prepared

after Morgan Guaranty Trust Lompany n [New York

Company n f New York lowered its prime lending fate

ket recorded a broad advance,

apparently helped by funds

moving into the Germany cur-

rency on speculation of an

imminent revaluation within the

Dollar bonds gained up to I

percentage points after Morgan Guaranty's action. Dealers said

European Monetary System.

to 111 per cent from 111.

NEW YORK — Long hefore remarkable recovery but \$4 a retained to become familiar Brascan. Also Brascan did not Brascan approached F. W. share earnings was attainable." with the company and, because have the usual documents field Woolworth with a proposed. The international retail chain of a decision that had been in the U.S. and Woolworth had ender offer. Woolworth real.sed in fact posted earnings of made to terminate Rockower to seek information in Canada. Mr. Gibbons immediately told

Financial Times Wednesday June 13 1979.

about Sim in settlements, The Kidder report evaluating Brascan. He noted that sales Woolwurlh's Five Year Plan gains in both April and May were both in double digits. As a result of the Brascan Brascan offer came in April, the affair, Woolworth's visibility is

31,y

Board had a good grasp on the much greater than it was and value of the company. The its stock is selling for more Board decision to oppose the than the \$23 it closed at on-April 2-if is currently trading on the New York Stock Ex-

In a letter just mailed to Woolworth- stockholders, Mr. working harder than ever to improve further its per-formance in order to narrow the gap between what we have accomplished and our clear. potential."

entire defence against the No soocer had Woolworth Brascan bid. The Kidder Pea- finished with Brascan than it body report cost in the hun-received notification that Loewa Corporation had made a filing rather than near the \$im esti-msted by some. under the Hart-Scott-Rodino Act to enable Loews to raise its bold-During Aprit and May a lot ings of Woolworth stock to anasked himself how prepared During April and May a lot ings of woolworth stock to an Woolworth was to enpe with an of time was spent keeping amount in excess of \$15m. The offer whether it was friendly or abreast of the fast-moving filing would enable Loews, after not. "I concluded we wereo't Brascan affair. "This wasn't the applicable waiting period prepared." This wasn't the applicable waiting period your usual tender offer," he to acquire up to 15 per cent of Kidder, Peahody was brought stid, referring to the fact that Woolworth's shares without the applicable to the smaller difference with prepared." Brascan affair. additional Hart-Scott-

bid for Woolworth there was a Rodino filing.

Prime rate cut lifts Eurobonds EURODOLLAR hond prices recent Improvement in prices issue was comfortably overrallied sharply in late trading, and decline in yields.

Meanwhile, the foreign \$75m of floating rate notes due Deutsche-Mark Eurohond mar 1986. The guaranteed notes are

the cut in prime rate restored 10 per cent issue was increased

the dollar market's momentum, to \$60m from \$50m and priced

after analety had started to at par by the sole manager, build up over the scale of the Credit Suisse First Boston. The

dreds of thousands of dollars"

subscribed. Deutsche-Mark foreign honds Amoog new issues, Leumi

International Investments NV, a recorded galos ranging to 4 subsidiary of Israel's Bank point. An issue is expected later point. An issne is expected later this week for the Norges Kommunalbank.

According to dealers, pre-market indications for the DM 200m issue for the Kingdom of Sweden were made on the basis of 1 to 12 points, while the DM 100m Inter - American Development Bank offeriog was indicated at less 1; to 1]. Both issues bear a coupon of 74 per-

cent. Eurosterling bonds were largely a nominal market, after the increase in the British minimum lending rate.

FT INTERNATIONAL BOND SERVICE

Leumi le-Israel, is to uffer

extendable at the holder's option to 1989.

The margin will be set at }

percentage points above six-month Eurodollar interbank

rates, with a minimum coupon

The Alcoa Australia 10-year

of 6 per cent.

The list shows the 200 latest international hond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published Closing prices on June 12 on the second Monday of each month. U.S. DOLLAR

OTHER STRAIGHTS Issued Bid Offer day week Yield

video or upment, magnetic tapes

ges of sales growth was noted In all, Mr. Hausman looks for

Given the company's expected

GULS and Western Industries, period, on sales of \$1.00hn, earnings were \$190m, reported the deversibled industrial group. Sales for the third quarter less in 1975 the deversible of groups for year study at \$1.09hn. The The company indicated that Electric. Metropolitao is the operator speculated. nf the Three Mile tsland plant. The PUC nnted, however, that the utilities would have quarter's carnings per shure seven of its eight operating rose to \$0.77 from \$0.63 groups reported increases in prosts reported increases in prosts during the third nuarter, been allowed to earn a return. Commerce is no longer a on the Three Mile Island olant, member of Woolworth's with Loisure Time leading the merating groups with sharply high at meome.

The continuing popularity of Paramouni Pictures' films in excluded from the calculation everyons distribution, played

of base rates. The PUC recognises that Metropolitan will have to pay energy lost due to the accident. The company said it is paying only were we going to make a Year Plan. Skadden Arps was bid by Edper Equities for AP-DJ

ca important role in Leisure Time's profitability, politan Edison. Reuter

Dana records increases in

which recently celebrated the first anniversary of its epoch-

making casino in Atlantic City, has revealed that the Bahamian legislature is to investigate altegations improper payments by its Bahamian vecture, Resorts bas for some time

been operaling a casinn on Paradise Island, under a liceoce which is due to expire in 1987. The revelation came last

night in Information filed by Resorts with the Securities and Exchange Commission in Washington. It said that a special committee had been set op hy the Bahamian legis-lalure to look into political contributions, glfts aud enter-talument for Government officials, and payments made in connection with the exten-sion of Resorts' licence for its

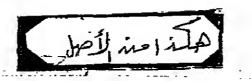
Paradise Island easino. Resorts said that payments

BY JOHN EVANS

cated "a foreign group wanted to huy into Wuolworth." At that print, he said, he

Construction of contract of conservative, and ad continuous strong for poor and calculations is along product-pro- sized, pressure cylinders, then the \$11,000 or a fifther. A new basis dark of fiscal 1978, decline class will make. These estimates it should encycletion to should in the task.	complete All chare earnings figure Aboviest editated for a 3-for-3 ribition pail on May 18. The 1 Studiest continued the previous 12 doctors a quarterly dividend on	split profit margins. In the th Board quarter, net carnings wi cent almust halved, font \$22.3m the SI2.2m, with share carnin the down from 54 cents to 35 cen	and had heen "proper." to The allegations about Resorts came up earlier this	A lea Huwan XW 9 5 01 30 $o_{-1} c_{0} s_{1} - u_{5} - u_{5} - u_{5} - 0$ a not a star with the second se	$\begin{array}{cccccccccccccccccccccccccccccccccccc$
a this fight joan and mult rise for the for the May Di Bard quarter, multiple conded \$275m, up by Fourth quarter so	e tenting thing the payout by 50 location cont.) per \$3.3m are included in the 15 total. Sales moved up fro \$533.8m to \$571.7m.	 Income to operate its casino in Atlaotic City, New Jersey, the country's first outside Nevada. The New Jersey state attorney objected to the application on 	Dow Chem. 0/S 93, 94 200 203, 934 -0.1 , +04, 9.73 '3 94, 55	Contentingen a_4 gi p_{OA} a_5 g_{OA} g_{OA} a_{OA}
			the grounds of Resorts' alloged's questionable conduct	GTE Find 94-84. E0 53: 39", -0", +04 3.78 Gould Int Fin 24 85 51 92", 1664 0 +04 9.73 Hochital In/S 93 25 931, 974 0 -04 9.87 Hudson 2ay Co 10 94 50 1971-102 +04 +07 9.76	Normey 34, 24 FI
NEW (SSUE	en appears as a matter of record only.	27th April, 1979	in the Bahamas and elsewhere. But the New Jersey casine control commission ruled that Baserts' record was adoguate and granted the licence. It was not immediately clear	Gould Int Fin 24 85 . St 95°_{1} 95. 95°_{2} -0°_{2} -0°_{3} 8.73 Hochiral D/S 9 83 . 25 83. 974 0 -0°_{2} 9.87 Hudson Zay Co 10 94 50 191-102 $+0^{\circ}_{2}$ 9.76 Itel Finance 29. 90 . 30 975 921 -0°_{1} -1°_{1} 11.31 ITT Anulles 9: 29 75 975 98: 0 $+0^{\circ}_{2}$ 9.78 Nanitoba 91 89 75 977 98: 0 $+0^{\circ}_{2}$ 9.78 Nanitoba 91 89 75 976 98: 0 $+0^{\circ}_{2}$ 9.78 Nanitoba 91 89 75 976 98: 0 $+0^{\circ}_{2}$ 9.78 Nanitoba 91 89 75 976 98: 0 $+0^{\circ}_{2}$ 9.89 L'avvio ndiand 10 94 50 1003 1014 0 $+0^{\circ}_{2}$ 9.85 Morst H-dio 94 94 150 101 101 0 $+0^{\circ}_{2}$ 9.85 Morst H-dio 94 94 150 101 101 0 $+0^{\circ}_{2}$ 9.85 Morst 94 94 150 957 931 0 $+0^{\circ}_{2}$ 9.62 Morst 94 95 94 95 95 95 95 95 95 95 95 95 95 95 95 95	New Zealand Ga 84 Fi 79 20° , 91° $\pm 0^{\circ}$, -1 6.24 Norwey 57, 24 Fi 100 97° , 97° $\pm 0^{\circ}$, -0° , -0° , 10.22 Ell Aoutraine 92, 88 FFr 150 95° , 97° , -0° , -0° , 10.22 Ell S 1_{2} 82 FFr 200 96° , 97° , -0° , -0° , 10.23 Ell S 1_{2} 82 FFr 150 97° , -0° , -0° , -1° , 10.23 Ell S 1_{2} 87 FFr 200 97° , 98° , -0° , -0° , -1° , 10.34 Norway 94, 84 FFr 200 97° , 98° , -0° , -0° , -1° , 10.32 Smint-Gobain 94, 85 FFr 175 98° , 97° , -0° , -0° , 10.32 Smint-Gobain 94, 85 FFr 175 98° , 97° , -0° , -0° , 10.29 Torsl Oil 95, 87 FFr 160 94° , 95° , 95° , -0° , -0° , 10.29 Torsl Oil 95, 87 FFr 160 93° , 100° , -0° , -0° , 10.28 L'-line or 10 95 FFr 160 93° , 100° , -0° , -0° , 10.28 Crister 10 95 FFr 20 97° , 97° , 0° , 0° , 10.28 Crister 10 95 FFr 20 97° , 97° , 0° , 0° , 10.28
			what the implication of the Bahamian incuricy might be. In the first quarter of this year. Resorts' Publication operation accounted for 20 per cert of its \$84.3m revenues.	Invasion Series Serie	$\begin{array}{cccccccccccccccccccccccccccccccccccc$
			and "A per cent of its \$35.4m profits.	************************************	FLOATING RATE
Kingd	om of Sweden		Fuqua bid barred A U.S. district court in the	OEUTSCHE MARK Change On STRAIGHT3 Issued Bid Offsr day week Yield Angenina 19, 26, 50, 50, 50, 50, 50, 50, 50, 50, 50, 50	L
र जा	2160 009 000	· •	northern district of Obio has barred Fugua Industries from proceeding with its uffer to	Austina 5's 50	Bn Evr. d'Alq. M7.5 85 01, 954, 854, 2/11 114, 12.45 Rip 54, 01,
	5100,000,000		shares owned by Hoover	5	Childhertlen M6 53 04, 931 254 15/6 113 11.65 Ind. Rt. Jence 167, 85 0'. 991 1004 1/12 10.94 10.85 Ind. Rt. Jence 167, 85 0'. 991 1004 1/12 10.94 10.85 Ind. Rt. Jence 167, 85 0'. 991 1004 1/12 11.65
	ds Due 1st May, 1989		family members. Reuter reports from Atlanta.	CECA 7 91	17(3,1900) 1477. 09 174 99 994 7712 111 11.21 14 Han, 010 987. 04 14 994 994 23/8 11.12 11.24 Midland Intl Metter? 04 994 994 20/7 124 12.37 Nice for Bit, 145,5 55 64 994 20/7 124 12.38
U.S. \$65,000,000 princi pal ana	war of the Bends were exclusively plac	cJ in Japan.	The order also enjoins Fuqua from proceeding with any tender offer for Hnover	Council of Eur 74, 59 100 971, 58 5 7.18 Conmart 54, 55 160 933, 241, 401, -04, 77.12 0 7.14 Conmart 64, 69 100 834, 244, 01, -04, 77.12 0 7.44 12 6, 90 100 834, 80 0 -04, 7.48	
The No.	nera Securities Co., Ltd.		shares until it has complied with applicable laws and	$\begin{array}{cccccccccccccccccccccccccccccccccccc$	Potro Maylorna M7 84 (14, 94 99), 7677 72,06 12,15 Privrodna Ranka MR 98 (17, 957, 977, 22/6 13,44 13,97 Cundrullighting, 145 95, 01, 957, 974, 17/10 11,06 11,25 Tring Int. Air, 147 95, 01, 977, 974, 17/4 11,31 11,55 Tring Bay, 24/11 117, 11,51 Itel Cunaria Rk, M6 89 (11, 974, 974, 987, 29/9 11,14 11,36
Daiwa Securities Co. Ltd. The Nikko Se	curities Co., Ltd. Vamaichi See	curities Company, Limited	regulations. Tosco confident	$\begin{array}{c} \text{Denmark 54} & \text{55} & \text{55} & \text{160} & \text{33}; & \text{23}, & + 0*, & -0*, & 7.44 \\ \text{Denmark 64} & \text{39} & \dots & 100 & \text{33}; & \text{34} & \text{34} & 0 & -0*, & 7.44 \\ \text{Denmark 64} & \text{39} & \dots & 200 & \text{37}; & \text{37}; & -0*, & 7.44 \\ \text{Denmark 64} & \text{39} & \dots & 200 & \text{37}; & \text{37}; & +0*, & -0*, & 7.48 \\ \text{E18} & \text{57}; & \text{39} & \dots & 200 & \text{37}; & \text{37}; & +0*, & -0*, & 7.83 \\ \text{E18} & \text{57}; & \text{39} & \dots & 200 & \text{39}; & \text{38}; & 0 & 0 & 7.79 \\ \text{Slettrobras-Brazil 7 87. 100 & 334; & 983; & 0 & 0 & 7.79 \\ \text{Slettrobras-Brazil 7 87. 100 & 354; & 967; & +0*, & -0*, & 8.10 \\ \text{Eurclima 64, 89 } & \dots & 100 & 354; & 967; & +0*, & -0*, & 6.75 \\ \text{Indonesia 7 84 } & 100 & 954; & 967; & +0*, & -0*, & 6.75 \\ \text{Indonesia 7 84 } & 100 & 954; & 953; & +0*, & -0*, & 6.76 \\ \text{Megal Fm. 7 89 } & 150 & 977; & 993; & +0*, & -0*, & 7.07 \\ \text{Nepon Kokan 64; 84 } & 100 & 954; & 953; & +0*, & -0*, & 7.07 \\ \text{Nepon Kokan 64; 84 } & 100 & 954; & 953; & +0*, & -0*, & 7.07 \\ \text{Nepon Kokan 64; 84 } & 100 & 954; & 953; & +0*, & -0*, & 7.07 \\ \text{Nepon Kokan 64; 84 } & 100 & 954; & 953; & +0*, & -0*, & 7.07 \\ \text{Nepon Kokan 64; 84 } & 100 & 954; & 953; & +0*, & -0*, & 7.07 \\ \text{Nordic Inv. 84, 64; 86 } & 60 & 354; & 953; & +0*, & +0*, & 6.74 \\ \text{Nordic Inv. 84, 64; 86 } & 60 & 354; & 953; & +0*, & +0*, & 7.34 \\ \text{Nordic Inv. 84, 64; 86 } & 60 & 344; & 953; & +0*, & -0*, & 7.72 \\ \end{array}$	
The Nippon Kangyu Kakumaru Securities Co., Lei,	New Japan Securities Co., Ltd.	Sanyo Securities Co., Ltd.	NEW YORK — Mr. Martin Winton, the president of Toseo Corporation, expects a	Nordic Inv. Bi. 6: 25 60 34, 95, 97, +03, +03, 6 60 Nordic Inv. Bi. 6: 25 60 34, 95, +03, -03, 7.34	Cibe-Goldy 0/S F. 4 94 9/79 675 811, 921, +02, -13,42 Cicca Cola Bolthan 54,4775 9 189 501, -05, 21.66 Credit Suissa, 41, 9310/79 1325 99, 1001, 0, 6,63
Merrill Lynch Securities Company, Tolyo Branch	Wildo Securities Co., Ltd.	Osakaya Securities Co., Ltd.	"strong year" for the con- pany and told analysts that	Norwity 64, 84	Honde Mator 51, 89, 5779, 532, 935, 964, -05, 17,41 Honde Mator 51, 89, 5779, 532, 93, 94, +04, 1,28 No. Yokade 53, 53,
Yanaaaae Securities Co., Lld. G	kasan Securities Co., Ltd.	Dai-ichi Securities Co., Lld.	prospects for the second quarter of 1979 appear hetter	ΠΡ.R 6 87 60 91 65 0 ⁻ n1 ⁻ 7.49 57.101 6 88 120 50 ⁻ 13 ⁻ 1 1.49 1.49 1.50 13 ⁻ 1 -11 ⁻ 7.49 57.101 6.8 8 -11 ⁻ 7.49 50 ⁻ 1.50 0 ⁻ 1.50 0 ⁻ 1.50 0 ⁻ 7.05 0 ⁻ 7.05 0 ⁻ 1.50 0 ⁻ 7.05 0 ⁻ 1.50 0 ⁻ 1.50 0 ⁻ 1.50 0 ⁻ 7.05 0 ⁻ 1.50 0 ⁻ 1.50 0 ⁻ 7.05 0 ⁻ 1.50 1.50	Norto Elec. Ind. 6 34 7/73 736 355 357 300 -07. 4,63 Norto Industri. 7 63 4/79 256 87* 859 +03 13.36 Teaas Int Air. 75 93 4/79 145 88 89 +03 22.21
Loca Rhoades Hornblower Securities Corporation, Takyo Banda	Yachiyo Scentities Co., Ltd.	Koa Securities Co., Ltd.	than those of the first quarter. For the first quarter ended	$\begin{array}{cccccccccccccccccccccccccccccccccccc$	Asabi Doticel 37 DM. 12/78 588 79% BUS + 13 - 13 - 13 - 14 Cesin Co. 35 85 0M. 11/78 841 813 823 + 01 17.92
Marusan Securities Cu., Ltd. Toyo Securities (0., Lid. Vickers da Costa Lid., Toisso Branch	Nichiei Securities Cu., Ltd.	March 31, the company carned 57 cents or \$11.8m on sales of \$356.3m. In 1978, earoings	"forld Ennt 6, 38 400 30's 31's +0's -0's 7.65 SW(ISS FRANC Change on	Justo 31- 86 0M
Royanagi Securities Co., Ltd. — Meiko Securities Co., L	•	. The Toko Securities Co., Ltd.	were \$3 cents or \$18m on revenues of \$1.17hn. Tosco's refining and dis- tribution operations cou-	STRAIGHTS Issued eid Offer day week Yield Amis E.r Int 21, 93 20 833, 89 -05, -45, 453 Asicn Dev. Eink 32, 23 100 827, 831, -02, -11, 5.18 Austric 24, 89	Murudai Foot 2- 0M. 2/79 1023 777, 783 +04 38.40 Murata M. 31, 85 DM 11/78 854 81, 823 0 6.67 Nippon Ysn. 31, 85 DM 11/78 251 1792, 304 0 -229,25 Nissan Otest. 31, 85 DM 2/79 703 91, 973 +13, 4,81 Olymo. Ool. 33, 85 DM 2/79 703 91, 971 +22, 0,15
U.S. \$25.0000000 petro placed emissile day	ipel arrownt of the Boods were exclusi an and the United States of America.	rcly	tributed \$27m lo revenue, iu the first quarter. "and we foresee no decline in contribu- tion in the second quarter and believe that it will be	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	CUNVENTIALE Criv. Criv. Chg. BONDS date price Bid Offau day Prem protection of the price bid day Prem Protectin day Bid DM day Price bid day Prem Price bi
S. G. Warburg & Co. Ltd.		Nomura Europe N.V.	materially stronger." The first quarter of 1979,	Non-mode A = 0:	Straight Bonde: The yield is the yield to takengtion of the mid-price: the smount usuad is in millions of currency
Skoudinaviska Enskildu – Pes	t- och Kredilbanken,	Svenska Handelsbanken	along with the fonrth quarter of 1978, are the first two in	Mathematical Stress 201 201 961 961 961 953 Mathematical Stress 10 80 10 80 91 533 Mathematical Stress 10 80 931 91 91 93 Mathematical Stress 10 80 933 10 11 833 Mathematical Stress 10 10 803 10 11 507 Mathematical Stress 10 10 91 91 91 0 13 507	Change on week = Change over price a week seriler. Floating Rate Notes: Cenominated in dollars unless other-
Bankea	Pkbaakea		which the "productivity of our calarged refining and	Ministry	net coupon becomes effective. Spread-Margon sbove six-monh offered rate tor U.S. dollars. C.cpn. The
Credit Suisse First Boston An Limited	stordam-Rotterdam Bank N.V.	Crédit Lyonnais	distribution systems can be seen withnut adjustment for	Concin A 11	Convertible bonds: Denominated in dollars unless there wise indicated. Cha. day = Change on day. Cay. dett=
Salonon Brothers International	Westdeutsche	Landesbank Girozentrale	special regulatory hurdens," Those regulatory hurdens were Federal Laws affecting small refiners which were changed to hencell the refiner	World Bank 4^{3}_{2} PQ 100 [101], 101], -0^{1}_{4} -0^{1}_{4} 4.45 VER STRAIGHTS Issued Bid Office device Viold	The Knwd. 34, 36 OA1. 11/28 711 78% 79% 0 28.75 No information evoluble—previous day's price. 1 Only one market maker supplied a price. Straight Bonds: The yield is the yield to redemption of the mid-price: the smount issued is in millions of currency units except fur yen bonds where it is in billions. Change on work = Change over price a weak serilar. Floating Bate Notes: Change over price a weak serilar. Convertible bonds: Denominated in dollars unless ther- wise indicated. M = Minimum coupon. C. date- Current chupon. C.vid=The current yield. Convertible bonds: Denominated in dollars unless ther- wise indicated. Chan day = Change on day. Cnv. date- First dete for conversion into there and the current Network of the Nominal emount of bond per share characed in currency of shere al conversion rate fixed at issue Prem = Parcennes premers not five of expensed in currency of shere sheres.
			in the third quarter of 1978, he said.	Asian Dev Start 53,88 15 50 0 017 00 000 000 000 000 000 000 000 0	© The Financial Times Ltd., 1979. Reproduction in what or in part in any low not permitted without writter constat. One supplied by Inter-Band Services (a sub eldiery of detaSTREAM Infernational).
			Reuter	Finiend 6.8 88 10 91'4 92'4 -0'4 -2'4 8.22	eldery of deta STREEM inter-Bond Services [s sub

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Set 1 - 1 ompanies and Markets

INTERNATIONAL COMPANIES and FINANCE

35

'rudent international anking atios urged

y Nicholas Colchester

ADUAL MOVES towards a ater uniformity of capital ios are emerging as the most iy route by which some traint on tha development of international bank lending

rket might be achieved. Soth tha afforts of the major stral hanks, and the inclina-ns of important commercial iks point more in this directhan towards any global of reserve requirements on incredeposits—a suggestion ently made by the U.S. ieral Reserve. lankers at the International

nctary Conference, taking ce in London, yesterday aforced the impression that was in consolidating the cldwide assets and liabilities banks and in arriving at a ONE OF the big three French eement on the proper monship of total business nationalized commarcial banka Societe Genarala, has raised its uma to capital that the hest

nce for progress lies.)r. Wilfried Guth, joint chief cutive of Deutsche Bank. red that declining profit-lity in the international bank ding business would not If ensure that such lending a moderate growth in the t a combination of prudent economy, which, according to king ratios. imposed by king authorities, and more sht into "country risk," ild help make bank lending ns more realistie.

rof. Alexandre Lamfalussy, parent company went up by nomic adviser to the Bank 53 per cent to FFr 663m. Some International Settlements, FFr 655m bas heen attributed to reserves. The bank says that in France not go quite as far as Dr. h, in advocating an intposed ition, but he agreed that its activity has not been helped iv of the consolidated by the failure of industry to ince streets of international take advantage of the governby the failure of industry the take advantage of the govern-ment's price liberation policies. ks, which the major central ks have now agreed to press should help national hank-authorities individually to ly what ever restraint they

was necessary. expansion in the country's he bankers discussion of imational bank leading did give rise to any general money supply. e that the current "bor-ers market," fuelled by ple international liquidity, approaching an end. .sked If another Herslatt is would be needed to brine ut this change, Dr. Guth red that this was a question kers often asked themselves, he added that the economic could well be high and that as " hetter to live with lousy gins." He also observed that her the sudden deterioration Turkey's creditworthiness, that of Iran, had had such tock effect.

- BY PAUL BETTS HIGHER SALES and improving cent market shares in Europe were reported yesterday by the Italian motor company Fiat SpA for the first quarter of 1979.

(a) State of the second secon second sec

SpA for the first quarter of bours. Fiat, he said, was to taka Fiat reserved itself the right to 1979. Sales for tha three months were 18 per cent ahead, Gio the troubled Spanish group end the troubled Spanish group end tain conditions not be met. Iaunch an ambitous Pta 50hn These concerned financing, Iaunch an ambitous Pta 50hn the same time, prices, and the siting of a new SEAT's productive capacity is plant at Mortarell near Sara-Turin. He explained that within tha npturo, car sales had been particularly atrong in Italy where market share had moved up by 0.3 per cent and in Europe generally. Across Europe, Flat market ahares in cars had improved by 0.7 per to the troubled Spanish group and the site of the troubled Spanish group end the troubled Spanish group end tain conditions not be met. The same time, prices, and the siting of a new prices, and the siting of a new structuring productive capacity is plant at Mortarell near Sara-to be increasad to 400,000 cars gossa and not at Barcelona as a year, and Fiat's 36 par cent originally planned. The rationalisation and restructuring programma, according to the restructures ing to Fiat, is designed in larga for the joint production of comwere 16 per cent ahead, Gio-vanni Agnelli, chairman, told shareholdera at the parent company's annual meeting in Turin. He explained that within turni, ne explained that within tha npturo, car sales had been particularly atrong in Italy where market share had moved up by 0.3 per cent and in Europe generally. Across Europe, Flat market ahares in cars had improved by 0.7 per

BY TERRY DODSWORTH IN PARIS

solidated profits just toppad FFr 1bn in 1973, compared to FFr 794.9m. Net profits for the

Nevertheless, its points out that

the growth of its halance sheet

total, up by 19.6 per cent to a total of FFr 248bn was

superior to the 12.3 per cent

cars had improved by 0.7 per

French bank surges ahead

cent. Spanish group's production on Sig. Agnalli also referred to three models—the Ritmo, the the agreemant reachad with new "Zero," and the 127. SEAT of Spain in the last 24 However, Sig. Agnellt warned bours. Fiat, he said, was to taka Fiat reserved itself the right to

Fiat lifts market shares in Europe

financial operations to back Fiat group sales in America in Fiat group sales in America in the autumn. The Turin group estimates its net sales in the U.S. will reach some \$1bn by the end of next year. Sales in Italy of commercial vehicles by Fiat's Iveco sub-sidiary fell 16.3 per cent in the first quarter from their year ago levels, but rose on foreign markets giving an overall in-crease in sales of 2.7 per cent to 25,500. Strikes hit Fiat's output in

rease in sales of 2.7 per cent Fiat's capital spending last 25,500. year amounted to soma Strikes hit Fiat's output in L1,000bn.

In the U.S., Fiat Credit tha first quarter with its Corporation, jointly controllad tractors, rail products and avia with the West German Deutscha tion and component subsidiaries Bank, was expected to start its all losing production, Sig tractors, rail products and avia-tion and component subsidiaries

all losing production, Sig. Agnelli declared. Strikes were particularly bad in the car sector and "their impact could worsen" until a new labour contract is reached

The meeting confirmed that Fiat profits in 1978 rose in L74.6bn from L65bn on a rise in sales to Lt3,135hn from Llt,449bn. Car and truck aales rose by 6 per cent last year in terms of units.

KRUPP of West Germany, DM 11.9bn (S6.22bn)—but the which is more than 25 per cent owned by the Iranian govero-ment, finds it difficult to fore-cast likely progress in 1979. However, its management con-feesed at the annual press con-ference that it has little hope of seeking a return to profit on which is more than 25 per cent owned by the Iranian govcro-ment, finds it difficult to fore-cast likely progress in 1979. However, its management con-fessed at the annual press con-ference that it has little hope of sceling a rolum to prefix on

KRUPP GROUP

Loss grows as steel

recession bites

BY GUY HAWTIN IN FRANKFURT

ference that it has little hop: of sceking a return to profit on steel this year. One of the reasons for the uncertainty are the group's Krupp's business has been Iranian links. The Shah's representatives on the super-visory board have been replaced by those of the revolutionary Government and the Krupp Performance during the first Government and the Krupp management state that co-opera-Performance during the first five months of the year has

management stale that co-opera-tion between Iran and the concern is being further intensified. Currently the group has some DM 200m worth of orders on its books frof Iran and the vast covered by West German credit insurance due to a manual stale up by 2 per cent on the comparable period of 1978 to DM4.3bn, with all sectors, ex-cept shiphuilding benefitting from the growth. For the year, as a whole, sales growth is ex-pected to be far steeper. The inflow of orders during the period rose 29 per cent of

covered by West German credit insurance. The inflow of orders during the period rose 22 per cent Group turneer increased by against the first live months of 7 per cent last year—from 1978. By the end of May the DM 11.17bn in 1977 to order book stood at DM 10bn.

Schering in U.S. deal BY LESLIE COLITT IN BERLIN

SCHERING AG, the West their capital. ment programme, the cost of Berlin-based pharmaceulical Volvo expects to maintain a which over the next few years dividend of SKr 7 a share this would be considerably higher take over the pharmaceutical division of Cooper Laboratories

paying \$85m for the assets and the company says that "assum-leg a positive outcome" of negotlations, the deal should be completed by October.

largest American purchase for Schering in the post-war cra after its considerable holdings

bought the chemical products division of Ashdand Oil Company for \$60m, renaming it Sherey Chemical Company. Cooper Laboraturies pharmacentical division had sales last year of \$34m.

Schering says that three of the cumputy's products for cardio-vascular and respiratory diseases, making up 50 per cent uf the compay's sales, are seen This would represent the as having the greatest growth

potential. Last year. Schering's group sales in the U.S. amounted to

Ruhrgas plans substantial increase in production

week.

largest natural gas distributor, is planning to step up radically Its gas distribution over the next three years to cope with the demand created by the oil crisis. country's energy needs.

spring next year are expected to bring prices in line with oil. Attributable profits increased to DM 70.6m last year from DM 66.4m in 1977, and a divi-

but Herr Klaus Liesen, the dend of 17 per cent is being chairman, stresses that gas paid. In 1977, Ruhrgas paid should not be allowed to cover 16 per cent and has been more than 20 per cent of the steadily increasing its payments to shareholders-mainly the oll

While chients' deposits rose by meni of the company to a new 15 per cent during the year to organisation with a capital FFr 107bn, credits went up by structure based to a large ex-

Societe Genarala, has raised its FFr 107bn, credits went up hy structure based to a large ex-capital to a little over FFr1bn only 8.2 per cent to FFr 86bn. (\$227m) in a two for 25 shara Sociate Generale notes that it issua worth. FFr 75m. Its is continuing its drive for over-pany wilt be a FFr 40m seas expansion. Last year was (\$9m) loan guaranteed by the marked by the opening of a St. Etienne municipality, of branch in New York, a growing which FFr 30m comes direct for the local authority, and a moderate growth in the America, Asia and the Far FFr 10m from the Loire re-economy, which, according to banking activity, total net con-solidated profits just toppad FFr 1 m in 1978 commared to EFFt, and is developing links inductive for solidated profits just toppad

industrial development agency, has pledged FFr 22m.

Private sector funds In total, it now has 200 overcoming from Fabis, a mail order company, MACIF, the mutual assurance organisation, and seas operations in 60 countries. and profits from this branch of its business were achieved in Equitas. a Swiss company backed by several leading European banks.

THE NEW shape of Manu-france, the troubled St. Etienne-Some of Manufrance's new management team have already hased manufacturing and retail been appointed, and it seems company, which has been on the verge of bankruptcy for the last that for the time being it will be continuing in its traditional year. is likely to emerge this areas of business. These include the manufacture of bicycles and Documents are due to be sporting weapons, mail order, signed handing over manage and a chain of shops.

O O

upturn in earnings

THE PROFIT reture on Volvo new shares and the curren

needed "in the longer perspec-tive," but the board anticiapates

year. The new shares would be eligible for this dividend. Volvo is offering a SKr 212m (\$48m) been falling on the Stockbolm

increases and the feeling that gramme for 1979 exceeds in the U.S. were confiscated in DM 90.1m. not incivding there is too small a margin 320,000 ears and is the largest 1942 as alien property. Sherex which had sales af between the offer price of the in Volvo's history. In January, the company \$100m in 1977-78.

Volvo sees further

SY WILLIAM DULLFORCE IN STOCKHOLM

cars has not reached tha level market price.

The prospectus notes that the tive," hut the board anticipates plan defeated by the share-that earnings will imporve fur- holders for the sale of a 40 per ther over the next few years. In cent share in the group to the prospectus for Volvo'a new Norway would have provided share issue, it expresses confi- more risk capital (SKr 751ml dence in the company's pros- than the new rights issue. Volvo pects and its ability to give was, nevertheless, pushing shareholders a good return on shead with its product develop-their capital.

than previously. rights issue of one-for-five at cent in first quarter earnings SKr 60 a share against a nom- and a 25 per cent climb in sales. inal SKr 50 and a current In 1978, it earned SKr 650m market price of SKr 71 a share. before tax on a SKr 19.1bn turn-The Volvo share price has over.

exchange over the past week, improvement in the volume of According to market sources, car sales after the decline in the reasons are the oil price 1975-77. The production pro-increases and the feeling that gramme for 1979 exceeds

The group recently announced in Pato Alto, California, an increase of more than 50 per Schering will reportedly be

Most conspicuous has been the

Jordan.

SY ROGER SOYES IN SONN

RUHRGAS. West Germany's price increases in autumo and

nine months during 1978.



Go-ahead for **Friumph-Adler** ink with VW

y Our Berlin Correspondent

E WEST GERMAN Cartel ice has given that green light ntrolling interest in the nimph-Adier group of Nurem-g. VW, in its first major

ters, with 20 per cent of sales. t it says that the market, as Il as the positivu of the rious companies, is now trungly in flux " because of advance of microprocessor chnology and the micro-

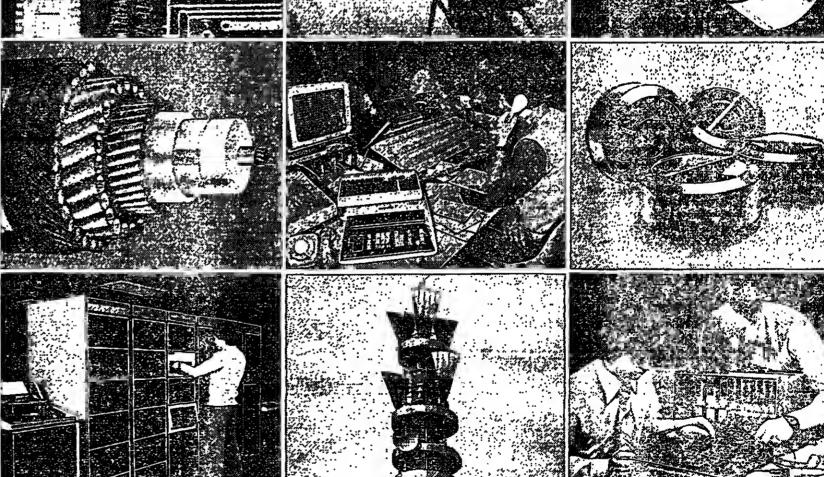
Chnology and the micro-mputer.
The Berlin anti-trust agency the West German Econumics instry lists IBM, Philips, iretti, Siemens and Nixdorf the uther "financially potent" oducers. and says it "cannot expected " that Triumph, en with VW'a financial rength. will achieve a dominating murket poslion." VW is expected to pay some M 300m to gain a share of ound 55 per cent in Triumph-erke. Nuremberg AG, while ittin is in relain 19 per cent the company. The Cartel fice says VW's position in the is pretiation of the increased extrement of the increased extent and or industry also cannot be ispected to be noticeably rengthened by the merger.
BY CHARLES BATCHELOR IN AMSTERDAM
BY CHARLES CALLED IN AMSTERDAM
BY CHARLES BATCHELOR IN AMSTERDAM
BY

Announcing 1978, profits of majors-since 1969 DM 150.6m (\$79m) against 1977's DM 136.3m, Herr Liesen The capital base of the com-DM 100.0m (5.19m) against The capital mass of the com-1977's DM 136.3m, Herr Liesen pany has been expanded by outlined his company's policy DM 60m and now totals of modest growth. The main DM 415m, while DM 69m has drawback, he said, to expanding too quickly to compansate for oil shortages was the risk of fin-encielly overstruching the com-tinues to so to the rational

E WEST GERMAN Cartel icc has given the green light Volkswagen's takcover of a trolling interest in the tances and at greater cost than thetic gas. over before. The 1979 accounts of the

imph-Adler group of Nurem-rg. VW, in its first major iture uutside the auto instry, is tu purchase the ires from Litton Industries of 'US. The West German Diehl group alsn heing allowed to proceed in its purchase of about 25 ' cent of Triumph's increased ire capital. The Source of the cost of five cover 18 per cent of German liquefied natural gas tankers energy needs compared to which are designed to transport 13.4 per cent last year. This will industry expects the law equi-tion of the cost of five cover 18 per cent of German liquefied natural gas tankers energy needs compared to which are designed to transport 13.4 per cent last year. This will industry expects the law equi-energy needs compared to which are designed to transport 13.4 per cent last year. This will industry expects from prices, ing tankers cost DM 300m 540bn kWh (kilowatt huur equi-each, so this could cut a large valent), most of which came from Ruhrgas, last year to S00bn that a "realistic" pricing policy will keep demand in check-with Algeria.

Steady advance at Ennia BY CHARLES BATCHELOR IN AMSTERDAM



It's time we introduced you to some of our most important contributors

Sharply higher loss at Lisnave

BY JIMMY BURNS IN LISBON

BY JIMMY BURNS IN LISBON ISNAVE, the Purtuguese ship examples is recorded net issess of FS 546m (\$11m) for 1978 compared with losses of 1978 continuing inter-1979 is 1978 loss and on the 1979 loss 1970 loss and general con-the atom less are sudo. The addition the exendo. The number of talkers 1970 lub in 1973. The 1970 lub in 1973 lub loss the number of failers arcody seen arcs in prior answer is also studying the repaired at Lisnaye's Mageira cipte with the unions. possibility of close collaboration ducks, near Lisbon, fell from in addition, the company is with the Arab shiprepairing locks, near Lisbon, fell from in addition, the Government to yard (ASRY) in Bahraio.

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place on our technical resources. Over 10,000 clients in more than 100 countries depend on our technical staff and field engineers supporting our worldwide computer and communications networks.

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innovation to improve our services. For example, in 1978 we moved into a new London Technical Centre, which is one of the most advanced computer centres in the world. This year we are doubling the capacity of the communications we use internationally to carry stock and commodity market prices, so that we can increase speed and volume.

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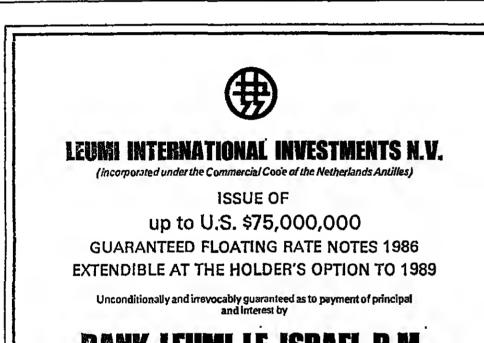
TELEPHONE: 245-9081 TELEX: 8953507 ITIB LNG

ADVISER AND SENIOR REPRESENTATIVE: André Van Hove

REPRESENTATIVE --- INVESTMENTS: Jean-François Moyersoen

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dispute

By John Rogers in Sydney

units, and this is to be followed by cencellation of the remaining paid-up capital of 20c a share.

leaving the company with only its issued preference capital, After consultation between the

boerd, holders of the preference stock and of the ordinary

capital. all litigation was to be dropped, Mr. R. A. Brierley, the chairman announced.

Although all parties are in

accord. the proposal will have to gain court approval hefore it

gain court approval hefore it can proceed. It will involve repurchase of the company's 24.06m ordinary shares, at a cost of A\$7.22m, with the remaining A\$4.81m in paid-up capital being cancelled. Total control of the company will now pass to Mr. R. A. Brierley, whose company Industrial

of the ordinary stock.

mounting court costs.

More growth

forecast by

By Donald Maclean

Marui

INTL. COMPANIES and FINANCE

Compromise Unit trusts growth boosts reached to **Komplex Kewangan profits** end Marra

BY WONG SULONG IN KUALA LUMPUR

institutions, sponsored by the THE LONG-STANDING batile Malaysian Government, has rehetween dissident shareholders and the management of the Aus-tralien pastoralist. Marta Development is about to end-inggits (USS9m). tralien pastoralist. Marra Development is about to end-

is The group, which with the two opposing forces yesterday announcing that a compromise plan had been agreed, which would cost the company A\$7.23m (US\$8m). involved in share trading, investment in public quoted companies, unit trusts and merchant banking, said that most of its subsidiaries reported increase in profits, with its After a two-day adjournment in proceedings in the Equity Court of New South Wales, between two minority holders and directors, a settlement was share trading operations making the most money.

In the field of unit trusts, profits after tax were 8.4m ring-git, representing growth of 131 reached, the court was told late yesterday. The Board is to return 300 cents a share to holders of the 50c ordinary

git, representing growth of 131 profits, at 3m ringgit, pre-tax, the Malay, per cent over the previous year. while pre-tax profits at the the Kua it launched its tenth unit trust group's Amnah Chase Merchant Exchange.

Smorgon bids A\$14m for ATL

BY OUR SYDNEY CORRESPONDENT

AFTER TWO weeks of share convertible notes and 50c a slumped 84 per cent to market speculation, the Austra- share for the 200,000 preference A\$189,000 despite a 40 per cent markel speculation, the Australian electronics and totalisator units. group ATL, yesterday received an A\$14m (US\$15.57m) take-

Australia for its close associaover bid from Smorgon Consoli-dated Industries, the large Meltion with the introduction of off-course electronic betting. bourne-based family company. Smorgon's offer of A\$1.45 a However, year that its contract to supply share compares with ATL's tradthe tote system for Hong Kong's ing range this year of A\$1 to new Sba Tin racecourse was proving inoperable and that the Royal Hong Kong Jockey Club A\$1.50, with the shares having sold for A\$1.10 before the recent activity, in which 14 per cent of had called a balt to work on the the capital changed bands. Smorcentral system as further development could not be son announced yesterday that it now held 1.5m shares or 17 per cent of ATL. If the takejustified

ATL directors said the can-cellation of this cootract would over is to be successful Smor-gon will face a payout of some A\$11.6m on top of its recent result in a loss of A\$3m and affect results for the year. purchases. This news came just after a

ATL.

is

KOMPLEX KEWANGAN, one last October, and collected over Bank Berhad fell from 1m ringuf the leading Malay financial low ringgit in subscriptions. Institutions, sponsored by the holders (all of whom are git to 0.9m ringgit. Malays) totalled 2.4m ringgit in 1978 compared with 1.3m ringgit the year before.

The group's investment sub-sidiary, Amnah Nasional Berhad achieved a pre-tax profit of 4.2m ringgit, an increase of 165

20-storey per cent over 1977, while its subsidiary, Amnah finance International Finance Berbad, made a pre-tax profit of 1.1m, compared with 0.3m ringgit in Kewangan.

However, its Discount house, Malaysia Discounts Berhad, recorded a marginal increase in

well known

it announced this

During the year. Komplex Kewangan invested a further 22m ringgit in shares of pub-licly quoted companies, bringing such investments to 108m ringgit. 1977. The group recently bought a

office huilding (Kwisma Ambassador) in the business district of Kuala Lumpur for 30m ringgit, and re-named it, Wisma Komplex

Financial Times Wednesday June 13 1979

Mr. Ghafar Beba, the grnup's chairman, said that he expected better profits for the group this year, pointing to the buoyancy in the Malaysian economy and on Kuala Lumpur Stock

rise in turnover.

the company being main-

оп

ATL'S suitor, Smorgon, has

consolidated essets of about A\$120m and shereholders' funds of A\$70m and is one of Australia's largest private companies. The group, which employs 5,000 people and last year turned over A\$200m, owns meatworks in Victorie, New Sonth Wales and Qneensland and is also involved in the manufacture of paper, paperboard and pulp moulded products, apart from interests Government

are seen as good. Indications are that domestic consumption in the packaging industry and real estate sector. Yesterday, Smorgon said that the ATL offer was conditional of tea in India has grown much faster than previously, because of three good years for the agricultural economy in India, combined with the availtained in its current form. ATL would operate as an autonomus ability, of larger quantities of better teas during the past two

pass to Mr. R. A. Brierley, whose company Industrial Equity (IEL), recently bought 20.2m preference shares for A\$10.5m from Mr. P. N. Yunghanns. This gave his com-pany 68.62 per cent of the pre-ference capital and 37.9 per cent of the ordinary clock The offer involves 8.66m This news came just after a would operate as an autonomus ordinary shares together with disappointing result for the unit with the Smorgon Group, A\$1.92 for each of the group's December balf when earnings they said. It is understood that the posyears, sible length and cost of these proceedings brought ebout yes terday's compromise proposals, which tops up by 5c a share a similar scheme rejected by JAPANESE BONDS **PAN-HOLDING** Bank chief in plea for better issue terms TOKYO — The Japanese held by Japanese banks a result of a sharp decline in totalling about Y2.70bn, should the value of National honds, Mr. Seki commented. minority shareholders in April, before legal action was taken. The former chelrman of Marra, Mr. P. Berner has consistently S.A. Finance Ministry has been urged by Mr. Magabiko Sekl, called on all parties to settle LUXEMBOURG their differences in the face of the president of the Federation higher interest rates after im-This would more than offset sport meter of issue terms, in increase in their interest. Scheduled bistings on July 1 of mergins derived from a rise in about Y2,000bn of National their lending rates following an bonds sbould be postponed. Japanese city banks might in April, and might force, the Suffer lesses in their sector and correli of Bankers Associations, to improve the issue terms of National bonds by raising the coupon or lowering the issue The redeemeble preference The Annual General shareholders will convert their sbares into ordinary capital at the end of the year. **Meeting of Shareholders** price. Banks might refuse to undersuffer losses totalling about banks to report net overall Y270bn (\$1.2bn) in the six losses. took place on write July Issues of National bonds unless terms are im-proved, Mr. Seki said. months ending September 30 as Reuter. May 30, 1979 The amount and terms of July ALLEN HARVEY & BOSS INVESTMENT MANAGEMENT LTD: issues are yet to be negotiated The accounts for the year 45 Cornhill, Loodon EC3V 3PB. Tel.: 01-623 6314. between an underwriting syndi-1978 were approved. The un-Index Guide as at June 7, 1979 cate and the Ministry. Mr. Seki also said the conver-tible 6.1 per cent National bonds consolidated accounts show a net profit of U.S.\$ 6,871,164.37, after the transfer of realised net portfolio gains, i.e. U.S.\$ MARUI, THE Japanese depart-5,507,666.21, Increased by the ment store specialising in

Downturn at Tata **Finlay** but payout held

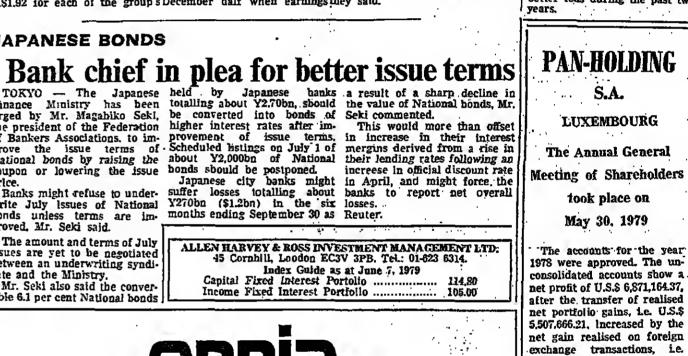
By R. C. Murthy in Sombay IT WAS a bad year for Tata Finlay with profits before tax declining in 1978 to Rs 67.4m

(Rs 88.3m), or some one-third of the Rs 188.56m earned in

1977. Tata-Finlay was formed by the merger of the James Finlay group of tea estates with the tea marketing set-up of Tatas under the Foreign Exchange Regulation Act Tata-Finlay's 54 estates are situated in areas as far apart as Upper Assam in North-East Indie and the southern state of Kerala.

Sales have come down to Rs 636.78m in 1978 from Rs 805.47m in 1977. But the dividend was maintained at 22.5 per cent. Production of tea in 1978 declined to 40.4m kg from 42.54m kg in 1977, and that of ' coffee to 0.4m kg from 0.48m kg., The company has taken steps to improve plantation produc-tivity, including extension plant-ing and infilling, which will show results in future yields. Exports of Tata-Finlay instant tea rose markedly. Similarly, exports of packet tea registered "significant" growth. In North India, the tea grow-

ing districts have experienced the worst drought for the past 40 years, end considerable damage to the tea bushes has resulted. Operating costs in hoth North and South India bave risen as a result of the February Budget of the Central Prospects for improved prices



Bank Leumi Le-Iəkael D.m.

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ISSUE PRICE—100%

Application will be made to the Council of The Stock Exchange in London for the Notes to be admitted to the Official List.

The subscription list for the Notes will open at 9.30 a.m. (London time) on 20th June, 1979 and will close at 3.00 p.m. (London time) on the same day. The subscription list may be closed prior to its stated closing time.

It is expected that dealings in the Notes will commence on 28th June, 1979 for deferred sentement on 11th July, 1979 and that the Notes will be available for delivery on 10th July, 1979 at the offices of Bank Leumi (U.K.) Limited, 4-7 Woodstock Street, London WIA 2AF.

Copies of the Prospectus and Application Forms may be obtained during usual business hours up to the closing of the subscription list for the Notes from:

BANK LEUMI (U.K.) LIMITED 4-7 Woodstock Street, London W1A 2AF 34-35 Queen Street, London EC4P 4BT

BANK LEUMI LE-ISRAEL (SWITZERLANOL 34 Claridenstrasse, Ch 8022 Zurich

BANK LEUMI LE-ISRAEL (FRANCE) S.A. 30 Boulevard des Italians, Paris Se

amro bank for international finance, foreign exchange and business development services

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company net profits to rise by some 10 per cent to Y7.9bn (\$35.9m) in the current financial year, ending January 31, compared with the 12.4 per cent in the previous year, to Y7.3bn.

Sales are expected to increase by about 6 per cent to Y210bn, Mr. Tadao Aoi, the company's president said in London. Last year, there was a rise in turnover of 7.7 per cent to Y197.9bn - after an accounting adjustment, but for which the gain would have been 9.2 per cent.

THE PHILIPPINE INVESTMENT COMPANY S.A. Net Asset Value as of June 1st, 1979 U.S.SI4.26 Listed Luxemboury Slock Exchange

Agent: Benque Génerale du Luxembourg mvestment Sankers. Manila Pacific Securitias, SA

(established at The Hague)

The Management Board announces that on June 12, 1979, the General Meeting of Shareholders approved the annual accounts for 1978 and the profit appropriation contained therein as confirmed by the Supervisory Board.

The dividend for the financial year 1978 has been fixed at Dfls.8.00 per Dfls. 20.00 ordinary share, of which an interim dividend of Dis. 3.00 was already paid in October, 1978. Instead of the final dividend of Dfls. 5.00

per Dfis. 20.00 ordinary share in cash, shareholders may elect to receive Dfls. 1.30 in cash and Dils.0.663 in ordinary shares from the Share Premium Account.

On the occasion of the 10th anniversary of ENNIA N.V. an extra dividend in shares will be paid, free of tax, from the Share Premium Account. This extra dividend amounts to 10% of the issued ordinary share capital, and will be distributed simultaneously with the final dividend,

For shareholders and holders of ordinary share certificates who wish to receive the dividend in cash, coupons numbered 27 and 28 of their securities will be payable at the Head Offices of the following banks with effect from June 21, 1979:

Amsterdam-Rotterdam Bank N.V. Algemene Bank Nederland N.V. Nederlandsche Middenstandsbank N.V. Pierson, Heldring & Pierson N.V. Bank Mees & Hope N.V. Nederlandse Credietbank N.V. N.V. Slavenburg's Bank Bank Van der Hoop Ofiers N.V. at Amsterdam, Rotterdam and The Hague.

For each Dfls. 20.00 ordinary share or ordinary share certificate, Dfts. 1.30 will be paid on coupen No. 27 and Dils.3,70 on coupon No. 28, this being the final dividend less 25% dividend tax.

Shareholders and holders of ordinary share certificates who wish to receive the dividend in ordinary shares or ordinary share certificates on coupons No. 28 of their securities, will receive one new ordinary share or ordinary share certificate of Dils. 20.00 nominal value against delivery of every 30 coupons No. 28 of ordinary shares or ordinary share certificates up to and including October 31, 1979. The new shares and share certificates will participate fully in the profits to be declared for 1979 and subsequent years.

The 10% jubilee bonus in ordinary shares or certificates thereof will be payable on coupon. No. 29. Consequently, against delivery of the requisite number of coupons No. 29, new ordinary shares of Dfls. 20.00 nominal value, or certificates thereol, can be obtained. The new shares and share certificates will fully participate in the results for 1979 and subsequent years.

After October 31, 1979, the unclaimed shares or share certificates will be sold and the net proceeds will be at the disposal of the holders of coupons No. 29 which were not presented for conversion.

After October 31, 1979, the final dividend will only be payable in cash.

To obtain new securities representing 1, 5 or 50 ordinary shares with coupons No. 30 and succeeding numbers attached, the requisite number of coupons numbered 28 and 29 of shares must be deposited at the Head Offices of the above-named banks not later than October 31, 1979. The coupons must be accompanied by a statement giving full name, including first names, addresses, etc.

To obtain new certificates of 1.5 or 50 ordinary shares with coupons No. 30 and succeeding numbers attached, the requisite number of coupons No. 28 and 29 of share certificates and /or ordinary shares must be deposited at N.V. Administratiekantoor Christiaan Huygens, Keizersgracht 558. Amsterdam, not later than October 31, 1979. If desired, the new certificates will also be available by way of Bearer Depository Receipts (BDR's). Coupons No. 28 and 29 must be deposited with the name of the delivered endorsed on the back and accompanied by an advice in duplicate

The coupons No. 28 and 29 can be interchangeably delivered to obtain the dividend in ordinary shares or certificates thereof.

ENNIA will pay the customary commission to the members of the Vereniging voor de Effectenhandel in order that the. conversion of coupons No. 28 and 29 may be made free of commission to the holders.

Holders of BDR's will receive their dividend in cash or in ordinary share certificates through the intermediary of the institutions where the coupon sheets of their share certificates were deposited on June 12, 1979, at the office's closing time.

Those who ask their bankers for delivery or dispatch of securities on account of the conversion, will be charged for delivery commission in accordance with the rates of the "Nederlandse Bankiersvereniging".

The Hague, June 13, 1979 Churchillplein 1

Amsterdam, June 13, 1979 Keizersgrach1 558

ENNIA N.V. Management Board

N.V. Administratickantoor Christiaan Huygens.

sion for contingencies, there remains a net income of U.S.\$ 1,259,213.47, which, after appropriating the needed amount out of the dividend equalisation reserve, allows a distribution of U.S.\$ 2.60 per U.S.\$ 10 share outstanding on June 29, 1979. This dividend, free of withholding tax. in Luxembourg, will be paid as of July 2, 1979.

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U.S.\$ 104,284.69, to the provi-

It will be recalled that the dividend paid for the fiscal year 1977 amounted to U.S.\$ 2.35 against U.S.\$ 2.25 for the fiscal year 1976.

In his address, the chairman recalled that the unconsolidated net asset value per share as of December 31, 1978 was U.S.\$ 130.37, showing an mcrease of 17.79% from the previous year. When the dividend paid during the year is taken into account, the increase is 19.91%.

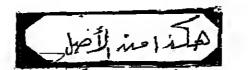
Pan-Holdings has continued to benefit from its policy of international diversification followed since the company was created in 1931:

Investments in North America remain important (46.5% of the porftfolio at the end of 1978), with special emphasis on raw materials, energy and high technology stocks. French equities represent 14 0/0 of the portfolio. In Japan, a very octive policy enabled the company to realize very substantial capital gains compared to average investment in that country of 8% at the year end.

As of May 31, 1979, the conaolidated net asset value was U.S.\$ 160,11 versus U.S.\$ 145.61 as of December 31, 1978. At the same date, the unconsolidated net asset sbare value per was U.S.\$ 141.41 showing an increase of \$47% over December 31, 1978, while, during the same period, the Dow Jones Industrial Index was up only 2.15%.

Last year, attention was drawn to the fact that Pan-Holding share was traded at a substantial discount, this discount has widened even further, despite the favourable increase in net asset. value.

هآذامندلاصل



Financial Times Wednesday June 13 1979 **RRENCIES, MONEY and GOLD** Impanies Markets

Pound strong in terms of the Swiss fran trade-welghted index, on B: England figures, was unch

vention at around DM 40m.

The

to

MILAN-The lira improved against all EMS curreocies except

the Irish punt. The D-mark fell to L446.25 from L446.54, and the

French franc to L192.90 from

L1.6S3.50. The dollar rose to

LS54.55 from LS53.80, while the

Irish curreocy

L1,685.50 from

Sterling. U.S. E

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OTHER MARKETS

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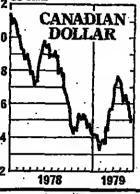
improved

Sterling rose aharply yesterday ernooo on fevourable reaction the Budget. Its trade-weighted

the Budget. Its trade-weighted lex, as calculated by the Bank England, rose to 68, the ;best level since March, 1976, is compares with 67.3 on Mon-;, and 67.5 at noon vesterday 1 67.4 in the morning. The and opped at \$20,675.30 and opened at \$2.0675-2.0685, lowest level of the day, and e to \$2.0745-2.0755 shortly fore the Chancellor of the changed backst the control of the chequer began to speak. News the sharp rise in Bank of shed Minimum Lending Rate shed sterling up very quickly a bigh point of \$2.0965-2.0975. Monelary System Deutsche Mark. l it eased slightly to \$2.0910-0920 at the close, a rise of 2.27 its on the day, and the best sing level since April 10.

The dollar gained ground on vs of U.S. banks prime ratc inges, but fell to its lowest el of the day egainst several

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jor currencies, as a result of vy demand for sterling. The urreacy fell to DM 1.9087; n DM 1.9135 against the itsche Mark, and to to

Fr 1.73121 from SwFr 1.7325 yen, from Y218.821 oo Monday.

trong	•	THE PO	UND SPO	OT AND	FOR	WARD	
trong	Juna 12	Day's opread	Cless	One month	% p.s.	Three months	% p.a.
in terms of the Swiss franc. Its irade-weighted index, on Bank of England figures, was unchanged at 86.9. FRANKFURT — The Bundes- bank did not intervene when the dollar was fixed at DM 1.9142 against the Deutsche Mark, com- pared with DM 1.9123 previously. Trading was quiet with the U.S. currency naving within a narrow range of DM 1.9125 to DM 1.9145 hefore the fixing. The Belgien	U.S. Caneda Nathind. Bargium Oenmark Irelend W. Ger. Portugal Spain Italy Norway France awedan Japan Austria Switz.	2.0675-2.0575 2.4223-2.4825 4.322-4.40 63.40-64.35 11.39-11.58 1.0475-1.0535 3.95-4.02 102.75-104.50 136.60-138.50 136.60-138.50 1763-1792 10.75-10.90 9.14-9.27 ¹ / ₂ 8.07-8.20 ¹ / ₂ 452-465 29.05-28.65 3.577-3.64 elojan faa ja j	$\begin{array}{c} 2.0510 \cdot 2.0520\\ 2.4550 \cdot 2.4550\\ 4.375 - 4.438^{1},\\ 64,17,64,27\\ 11.544 - 11.551,\\ 1.0500 \cdot 1.0520\\ 3.383 + 3.934\\ 104,10 \cdot 104,40\\ 138,15 - 138,40\\ 138,15 - 138,40\\ 138,15 - 138,40\\ 138,15 - 138,40\\ 138,15 - 138,40\\ 138,15 - 138,40\\ 251 - 8,251\\ 9,18^{1} - 9,18^{1},\\ 9,251 - 8,251\\ 9,18^{1} - 9,18^{1},\\ 9,251 - 8,251\\ 9,18^{1} - 9,18^{1},\\ 9,251 - 8,251\\ 9,18^{1} - 9,18^{1},\\ 9,251 - 8,251\\ 9,18^{1} - 9,18^{1},\\ 9,251 - 8,251\\ 9,18^{1} - 9,18^{1},\\ 9,251 - 8,251\\ 9,251 - $	0.55-0.45¢ pm 0.32-0.22¢ pm 21-11-¢ pm 20-11-¢ pm 20-12¢ pm 20-12¢ pm 20-12¢ fis 22:-11-20 pm-30¢ dis 21-11-20 pm-30¢ dis 21-12 pm-per	2.87 1.32 5.48 4.48 1.04 -0.57 6.78 -8.05 -8.05 1.62 3.92 3.92 5.33 4.88 11.59 6.33 4.88	1.35-1.20 pm 0.70-0.80 pm 53-41 pm 53-41 pm 55-65 dis 55-65 dis 6 ¹ -3 ¹ , pm 125-225 dis 9-7 pm 7 ¹ -5 ¹ , pm 7 ¹ -5 ¹ , pm 8.85-6.50 pm 94-8 ³ , pm 94-8 ³ , pm	2436899 2.35899 2.352801 -2.05173 -2.05173 -2.05173 -2.05294 -2.352 -2.05173 -2.05294 -2.352 -2.05294 -2.352 -2.353 -2.353 -2.353 -2.353 -2.353 -2.355 -2.35
franc and Danish krone wcro	-		LAD CD	OT AND	FOR		

fixed above their intervention points within the European	7	HE DOL	LAR SP	OT AND	FOR	WARD	>
Monetary System against the		Day's				Threa	
	June 12	spread	Close	One month	p.e.	months	p.s.
Deutsche Mark. The Belgian	UKt	2.0675-2.0975	2.0910-2.0920	0.55-0.45c pm	2.87	1,35-1.20	pm 243
currency was fixed at DM 6.226	Irelandt	1.9700-1.9775	1.9700-1.9750	0.70-0.50c .pm		2.00-1.75	
per 100 francs, compared with a	Canadat		85.03-85.06	0.07-0.04c pm	0.78	0.15-0.11	pm 0,53
floor of DM 6.221, and the krone	Nathind.	2.0990-2.1020	2.0990-2.1010			1.08-0.98	Pm 1.96
HOUL OI DAIL OLES AND DE LOUIC	Balgium	30.73-30.80	30,73-30,75	5-4c pm		91,712 pm	
at DM 34.6S per 100 krooe,	Oenmark		5.6190-5.5215	0.25-0.75ora die		1,90-2,40di	
against an intervention level of	W. Gar.		1.9105-1.9115	0.70-0.60pf pm		2.03-1.93	
DM 34.645.	Portugal	49.80-49.95	49.88-49.93	35-45c die		90-130 dis	
BRUSSELS - The Belgian	Spain	66.05-68.20	86.10-66.15	20-30c dis		45-55 die	-3.02
	Taly	854.20-854.70	854.30-854.60	1,00-1.50line dis		4.00-4.7641	
National Bank gave support to	Norway	5.2070-5,2100	6.2075-5.2085	0.70-0.30ore pm		2.50-2.10	
the Belglan franc by aelling	Franca	4.4290-4.4350	4.4330-4.4345	0.05c pm-0.05dh		0.40-0.55di	
D-marks and dollars before and	Sweden	4,3920-4,3975	4.3958-4.3968	0.90-0.70ore pm		1.85-1.65 p	
during the fixing. The Belgian	Japan	219.20-218.70	218.30-218.50	0.95-0.85y pm		2.65-2.50 p	
curing the hang. The person	Austria	14,108-4,114	14,108-14,113	4.00-3.50gre pm		12.50-11om	
currency was fixed at BFr 16.058	Switz.	1.7730-1.7350	1.7335-1.7345	1.35-1.30c pm	0.17	3.75-3.70 p	m 8.59
per D-mark, compared with	1 UK. 1m	siand and Can	ada ero quote	d in U.S. curren	ICY. F	forward pre-	emiuma
BFr 16.0585 on Mooday, and a	and dier	counts apply t	o the U.S. de	oller end not to	tha in	dividual c	urrency.
lowest - permitted level of							
BFr 16.074. The Central bank	· · CI	RRENCY	RATES	CURREN	CY N	IOVEM!	ENTS
gave nu details of support for the							
franc, but dealers estimated inter-					1	1	
montion of pround DM 40m		Bank So	cial (European		16	ank of N	horgan

Bank of Morgan England Guerant June 11 Unit 985

-36.3
-6.7
-17.1
+18.1
+12.7
+1.9
+41.7
+ 80.1
+18.3
-7.4
-49.0
+50.9
anges from ambar, 1971 30).

£

Swiss franc eased to L492.62 from L492.67. TORYO-A sharp rise in Jepanese imports and wholesale prices in May helped the dollar improve to Y21940 against the

	ECU contral rates	Currency amounta against ECU June 12	ti, chonge Irem central rsta	% change edjusted for divergence	Divergence
jan Franc	39.4582	40.5384	+2.74	+1.81	±1.53
ah Krone	7.08592	7.27173	+2.52	+1.69	± 1.635
nan D-Mark	2.51064	2.52242	+0.47	-0.46	±1.1325
ch Franc	5,79831	5.83879	+0 69	-0.24	±1.35
h Guildar	2.72077	2,78396	+1.59	+0.65	± 1.6075
Punt	0.662638	0.667166	+0 58	-0.25	± 1.665
in Lira	1148.15	1125.69	-1.95	-1.96	+4.0725

June 12		i T		Note Pater
Argentina Peso	2659-2679	1271-1281	Austria	28.70-29.70
Australle Dollar Brazit Cruzeiro	52.69.53.69		Belgium	65-6612 11.36-11.45
Finland Merkka			France	
Greek Drachma.	76.27878.194	68.60-37.65	Germany	3,90-6.99
Hong Kong Dollar				1,740-1,780
Iran Rial	152.150	7214.751	Japan	454.454
Kuwait Dinar (KD	0.671 0.581	0.2785-0.2785	Netherlands	
Luxembourg Fre. Malaysia Doller	4 6030 4 6130	2 2010 9 2055	Norway	t0.68-10.78 100-106
New Zealand Dir.	1.9980.1.9980	0.9525-0.9550	Spain	1564-1384
Saudi Arab. Riyal	8.99-7.09	5 4000-6.4010	Switzerland	3.55-3.66
Singapore Dollar.	4.5830-4.6930	2.1910 2.1960	United States	2,065-2.075
Sth African Dand	1 1 7560 1 7680	0 9706 0 9404	Museelates !	4141

cak currency. Adjustment calculated by Financial Tip

Rate givan for Argenties is free rate

CHANGE CROSS RATES

June 12	PoundStorling	U.S. Dollar	Dautsche m'k	Jepan'se Yan	FrenchFranc	Swiss Franc	Dutch Cuild'r	Italian Lira	Canada Dollar	Belgian Franc
nd Sterling : Dollar		2 092	3 993	469.6 219.7	9.260 4.427	3.623 1.732	4.380	1786, 853 7	2.431 1.175	64.22 30.71
schemark unese Yen 1,008	0.250 2.178	0.524 4.552	8.689	115 1 1000,	2 319 20.15	0.907 7.884	1.097 8.533	447.2 3886,	0.614 5.372	16.09 139.8
oh Franc 19	1.060 0.276	£.259 0.577	4.312 1.102	466 2 128.8	10. 2.556	3.812 1.	4.730 1.209	1928. 492.9	2.656 0.678	68 55 17.73
th Culider	0.826 0.860	0.478	0.912 .	. 104.8 257.4	2 1t4 5 t86	0.837 8.029	1. 2.453	407.6 1000,	0.561 1.377	14.65 35.97
Idian Dollar	0.411	0.851	1.628 6 217	186.1	5.765 14.43	t.475 5.64t	1.783 6.820	726.3 2780.	1. 3.825	26.14 100.

IRO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.25-10.35 the 10.25-10.35 per cent; one year 2.95-10.05 per cont. months 10.25-10.35 per cent: sit



AUGUST 20 1979

The Financial Times is preparing to publish a Survey on China on Monday August 20.

The main headings of the provisional editorial synopsis are set out below. The political scene * The economy * The role of foreign trade * The planning system * Education and research * Agriculture and agricultural mechanisation *

Industry and management * Steel * Coal and electric power * Oil ★ Mining ★ Chemicals and Petrochemicals ★ Transport ★ Heavy engineering * Electronics * Light industry * Construction and housing * Culture and the arts * Profiles of Chinese leaders *

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The coolent, size and publication dates of Surveys in the Financial Times are subject to chaoge at the discretion of the Editor.

June 12	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder		West Gorman Mark	French Franc	Italian Lira	Asian \$	Јаралске Усл
trt term, days' notice, th, se months months year	nta fita 11ta-11 la 11ta-11 la 11ta-11 la 11ta-11 la 12:12 la 1153-13	t01; t05; 101; 101; 101; 101; 101; 101; 101; 101; 10; 10; 10:10;	61-101- 84-101- 105-111- 107-11- 107-11- 101-11- 101-10- 101-10-	74 8 74 8 81 8 81 8 9 914 8914	78-1 11-1-1- 11-1-1- 259-8-1 259-8-1 259-8-1	515-54 558-34 51-61 61-856 615-7	8-812 8-812 1014-1034 1012-11 1013-1054 1054-114	9.10 10.11 12.13 12!2.16!2 13-14 134.14!4	1014-1030 1014-1058 1012-1058 1012-1058 1012-1012 1012-1012	5:4:5 5:5 5

The following nominal rates were quoted for London deliat certificates of deposit; one month 10.20-10.30 per cent; three months 10.15-10.25 per cent; six the following term Eurodeliar deposits; two years 93, 10% per cent; three years 93, 10% per cent; four year 93, 93, per cent; three years 93, 10% per cent; four year 93, 93, per cent; three years 93, 93, per cent; three years 93, 93, per cent; three years 93, 10% per cent; three years 93, 10% per cent; four year 93, per cent; five years 94, 93, per cent nominal and rates. Short-term rates are call for sterling, U.S. deliars and Canadian deliars; two-day call for guilders end Swiss france. Asian rates are closing a in Singapore.

TERNATIONAL MONEY MARKET

U.S. banks cut prime rates

derai autharities. Later in the PARIS-Day-to-day money con-the Southwest Bank of St. tinued in show an easier trend, the Southwest Bank of St. unued in show an easier trend, uis followed suit and lowered with yesterday's rate quoted at prime rate in 111 per cent. 73 per cent compared with 74 Inand for bills remained very per cent on Monday. One-month ong and the yield on 13 work and for one vield on 13-week money fell in S_1 S; per cent from easury hills fell in S.99 per S1-S; per cent and three-month it from 9.19 per cent and in money was quoted at S_2 S; per cent 1 per cent from 9.19 per cent cent, dawn from S; S; per cent.

forgan Guaranty Trust be-ne the first major U.S. bank 6.00-6.30 per cent and the three-terday to cut its prime rale much rate was also down at 6.40-11 per cent from 113 per 6.60 per cent compared with 31-81 per cent, com-int relecting a growing feeling 6.60-6.75 per cent provinusly. Six-interest rates may have cont from 7.00-7.20 per cent and three-mooth deposits at 91-91 per cent. The at confused in the absence of 7.50 per cent on Monday. I official guide from the defail authmities. Later in the PARIS_DEVICED of the particular money con-

Ceot as were 12-mooth deposits. AMSTERDAM — Money rates

were slightly easier where chaoged yesterday and call money eased to 72-72 per cent from 73-8 per cent while the one-month rate remained at 83-83 per cent. Three-month money eased to 81-81 per cent from \$2-81 per

it from 9.19 per cent and in money was quoied at \$1.53 per to 3.51 per cent from 5.53 per cent and slx-month money was cent, dnwn fram \$2.57 per cent and slx-month money was inchanged at 9.97 per cent. iANKFURT-Interbank mnney \$2.59 per cent from \$12.91 per cent. iANKFURT-Interbank mnney \$2.59 per cent from \$12.91 per cent. iANKFURT-Interbank mnney \$2.59 per cent from \$12.91 per cent. iANKFURT-Interbank mnney \$2.59 per cent from \$12.91 per cent. ibos.60 per cent from 5.605.70 9:93 per cent. ibos.60 per cent from 5.605.70 9:93 per cent. ibroney market were generally easy througbout with call money at 121 per cent and overnight business dealt at 113 per cent.

K MONEY MARKET

MLR up to 14%

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1970)

Bank of England minimum nding rale was increased in sterday's budget to 14 per cent out 12 per cent and warket

Treasury bills, all direct from the Exchequer by a small the discount houses. The latter amount, were paying 104-11 per cent for secured call hans at the start night loans opened at 104-11 per with closing balances taken at cent and eased to 10-103 per 104-115 per cent. The instriket was faced with a small net take up of Treasury bills to finance and noon. However, closing balances a simili increase in the note were taken in the region of cent before coming back to touch 101-11 per cent during the after-noon. However, closing balances were taken in the region of anditions were somewhal con of Treasury bills to finance and noon. However, closing balances ised as a result. In the money a sinali increase in the note were taken in the region of arket day to day credit was in circulation. On the other hand fort supply with the authorities Government dishursements aging just a small amount of exceeded revenue transfers to generally pre-budget rates.

ONDON MONEY RATES

June 12 1979	Sterling Gertificate of deposit	Interbank	Local Authority deposits	Local Auth negotiable bonde	Finance House Dogosits	Company Reposits		Treatury Bills ϕ	Eligible Bank Bills o	Fine Trade Bills o
veraight days notice days notice the month hree months hree months ine months ine months wo year	11in 1134 11: 1134 22: 11: 12:114 113: 114	10.11 11's.31.4 11'.11's 11'.11's 11's.12 11's.12 11's.12 11's.12 11's.12 11's.12 11's.12 11's.12's	111; 115:11; 115:115: 115:115: 115:115: 115:115: 115:115:	1212.1218 1213.18 1218.1116 1218.1116 1176.1115 1218.115	12 12 12 12 14 12 14 12 18 12 14 12 14 12 14	114 114 124 124 124 124 124 124	113	1139-1115 114-116 114-116	11/; [1814 1214 1214 1214

Local sulliarity and trained houses seven days' nonce others seven days' fixed. "Long-term local sulfiority mortgage ates samutally three years 12-12's per cont, four years 12's-12's per cent, five years 12's-12's per cent. OBank bill rates in this sie buying rates for prime paper. Buying rate for four-month bank bills 11"s-11%, per cent; four-months trade bills 2 per cent.

 \leq per cent. Approximate selling rate for one-month Trosaury bits 11^3_{∞} per cent; two-months 11^3_{∞} . 11^3_{∞} per cent; three-nonth 11^3_{26} . 11^3_{26} per cont. Approximate suffirm rate for one-month bank bits 1.1^3_{26} . 11^3_{26} per cent; two month 11^3_{26} . 11^3_{26} . 11^3_{26} . 11^3_{26} per cent; two-month 12^3_{26} per cent; and three-month fork bits 12^3_{26} per cent; two-month 12^3_{26} per cent; and three-month 12^3_{26} per cent; two-month 12^3_{26} per cent; and three-month 12^3_{26} per cent; two-month 12^3_{26} per cent; two-month 12^3_{26} per cent; and three-month 12^3_{26} per cent; two-month 12^3_{26} per cent; and three-month 12^3_{26} per cent.

Finance Nouses Base Rates (published by the Finance Houses Association) 12 per cant from Juna 1, 1979. Clauring Jank Deposit Rates for small sums at seven days notice 9.9% per cent. Closing Bank Rates for lending 12 per cent. Sreasury Bills: Average sendur rates of discount 11.4209 pet cent.

Soveraigns (14443) (14921,431() Oold Come, Internationally Krugerrand, \$237,239 \$2001,42921,4 (157,-138); \$100(4,141g) New \$713,732,5725,743, Sovereigns (2344,351(4),12351,351) Did *80(1,921,592,94 Sovereigns (243,44,51,351,51) Did Eagles, \$400,405 \$442,427,427 \$10 Eagles, \$405,226 \$230,235 b Eagles, \$135,158 \$156,121

fell sbarply to 4.45 per ceot from 6.50 per cent for domestic delivery following the Budget announcement that the 1975 cop-trols on gold coins would be abolished.

In Peris the 12½ kilo gold bar was fixed at FFr 41,600 per kilo (\$291.95 per ounce) yesterday alternoon. compared with FFr 41,850 per kilo (\$293.83) in the morbing, and FFr 41,900 (\$294.55) Mooday afternoon. In Frankfurt the 121 kilo har was fixed at DM 17,140 per kilo.

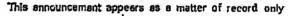
MONEY RATES

NEW YORK GERMANY

FRANCE

Discount Rate	9.5
Overnight Rela	
One month	8.1875
These months	8.5625
See months	8.9375

IAPAN





June 1979

AS NORSK JERNVERK

NORWAY

US \$ 15.000.000

10 Year Floating Rate Multicurrency Loan

Provided by

BERGEN BANK INTERNATIONAL S.A. LANDESBANK RHEINLAND-PFALZ UND SAAR INTERNATIONAL S.A. NORDDEUTSCHE LANDESBANK INTERNATIONAL S.A.

Arranged by ··· .

NORDDEUTSCHE LANDESBANK INTERNATIONAL S.A.

As Agent





Weaker

GOLD

June 12 June 11 Gold Buillon /fine ouncal

Geld Colra, demestically Krugerrand, \$2883, 2923, \$293, -3021, 15138-140, 15144, -1464, New 3784, -741, \$7512, 781, Sovereigne:153412, 3512, 1537-38, Old \$88.80, 56712, 481; Sovereigne:(243,43), 1542(1,4314)

WORLD STOCK MARKETS

Indices

June

June 1

6.07 6.16 6.01

May 30 !

6.38

8.38

8.98

1979

Low

807.00

(27/2) 82.82 (8/6] 265.78 (27/2) 93.51 (15/5)

-

High

\$78.72

(12/6)

_

Since Compilt'r

17061.76 41.22 (11*A./*76) (2/7/32)

278.88 12.25 (7/2/69) (8/7/32) 185.52 70.58 (20/4/69) (25/4/42

-

May 25 Year age (approx)

- # 1979 - SinceC'mpli't'n

High Low High Low

118.85 107.08 784.54 8.58

(8/1) (87/2) (1111/73) (30/643) 105,54 98,15 125,55 4,40 (18/4) (27,2) (11/16) (1/6/2

May 23

5,32

8.45

9.05

Rises and Falls

6.43

Year ago (approx

4.86

9.51

8.43

698 737 463

.__

d=++++++=++

6 je

Low

_

High

NEW YORK -- DOW JONES

1

une Jnne | 12 - 11 |

• Day's high 851.61 tow 837.14

ind. div, yield 🎖

STANDARD AND POORS

Trading vol

iladustio ..

Ind. div. vield %

Ind. P/E Ratio

Lon Gov. Bond Yield

June June June June Jone 18 11 2 7 6

H'me B'nds 55.00 84.77 84.53 84.62 84.76 84.56 85.50 (22) Transport. 841.87 858.29 238.48 289.24 258.12 856.61 241.07

Utilities 105.16 105.99, 103.82 105.79 105.08 102.47 105.10

45,550 28,250 31,540 43.560 40,700 35,090

June 8

114.59 115.41 112.67 115.23 118.72 117.95

June 6

6.28

7.92

8.95

Composite 102.85 101.91 101.49 101.78 101.50 100.82

June June June June

1 .

♦ Industr'le 845.25 857.58 855.15 856.97 235.50 861.54

Prime Rate cut lifts Dow 7.7 in heavy trade

cut in Prime Rate by Morgan to say interest rates have peaked. Guaranty Trust in 11! from 11! they would be likely to commit per cent, Wall Street stocks some of that cash to couldies advanced across a broad from over the remaining two weeks of Yesterday in very heavy trading the second-quarter and then before late profil-taking trummed "look around a bit" to survey before late profil-taking trunned The gain.

Companies and Markets

38

The Dow Jones Industrial Average, up almost 11 points at Drug, (b), Motor, Airline, Air-its best level of the day, finished (raf), Chemical, Utility, Rail, a net 7.71 higher at \$45.29. The Aluminium, Gaming, Bank, Com-NYSE All Commin Index re- piller and High Technology corded an advance of 56 cents at \$5\$.15 on balance, after reach- retrented. ing \$58.34, while gains held a Guaranty, rose to \$47, while substantial lead over declining IBM put on 10 \$78, Du Pont issues by 1.219 to 3S9.

Institutions took part as trading volume swelled in 4ä.390t shares from Monday's 28.29m. analysis said. If was the heaviest lurnover since November 1 last

U.S. economy would take upward 21 cents in 1978. pressure off interest rates

of April.

Larry Wachtel, of Bache ing, a silver mining company, Haisey Stuart Shields, noted that lost 7 to \$17!. institu hold l

NEV

S

Abbott AM Inte Adobe Aetna L Air Prov Aloan A Alcoa ... Alleghs Allied S Ailled S Ailled S Aille Ch AMAX ... Amerad

Amer. ; Amer.

the cconomic terrain. The advance carried Retail,

puter and High Technology shares higher, hut Golds

J. P. Morgan, parent of Morgan 11 to \$128]. Texas Instruments 82 to 891, Superior Off 811 to \$432, Albany International \$3 to 845 and General Motors ; to \$60 Charter Ce. jumped 9; to \$363,

sear when 50-45m shares changed hands. Stock market analysts noted that investors have been hoping would thorst 1979 profils to bart in the sequencies of the sequence of the that signs of a slowdown in the between 82 and 83 a share from

Boeing moved ahead 13 to \$433. Recent signs of slowing econ-mic activity include a fall in of jet planes and predicted new May retail sales, a drup in April orders in 1979 of about SSbn. durable goods orders and a slow-Among Gold Stocks, Dome durable goods orders and a slow- Among Gold stocks, Dome ing in wholesale price increases Mines fell 7, to \$113, ASA ; to in May to less than half the rate S261 and Camphell Redlake Mines \$1! to \$1\$!. Callahao Min-

RESPONDING STRONGLY to a that while they may not be ready profits, but J. Ray McDermott, and Papers 0.75 to 164.52. cut in Prime Rate by Morgan to say interest rates have peaked, which reported a fourth-quarter Dome Petroleum, the most Guaranty Trust to 111 from 111, they would be likely to commit los but raised its quarterly active Toronto issue on 203.149 los hut raised its quarierly dividend, picked up { to S17{shares, clioibed 11 to CS514. Numac Oil rose 14 10 CS35, McDermott owns Babcock and Hudson's Bay Oil ; to C\$71; Wilcox, the huilder of the recently crippled Three Mile

Island nuclear power plant. Island nuclear power plant. THE AMERICAN SE Market After Monday's sharp retreas. Value index advaoced 1.97 to the market showed some 196.04 on a large turnover of recovery yesterday, although 8.66m sbares (5.80m). Beam advance. The Nikkei-Dow Jones down 94.97 the previous Average, down 94.97 the previous Dome Petroleum rose 13 to \$433. Canadian Superior Oit 1, to \$117! and Amex volume leader day, recouped 31.97 to 6.097.16, while the Tokyo SE index rallied

1.61 to 439.58. Volume came to Great Basins Petroleum 2 to \$12'. 150m shares (120m). Active Amdahl shed 1 to \$263 One broker, commenting on the thin trading, said "investors on top of a nine-point fall on Monday when it predicted a

are apparently refraining from active buying ahead of the OPEC general meeting to Geneva later this month? hreak-even second quarter. Sharon Steel, which plans to split its stock, added 12 at \$472. later this month."

sector. Canadian markets showed renewed huoyancy yesterday in extremely active dealings apart front a sharp reaction in the Golds sector. The Toronto Composite index rose 9.7 to 1,574.6, while the Oils and Gas index climhed 41.5 to 2,750.2 and Metal aod Minerals 13.1 to 1,312.9 but the Golds index, at 1.625.7, relinquisbed 117.1 to 113 recent good rise. In Montreal, Banks gained 2.94 10 ecome anese

monetary authorities are going and Pechiney FFr 3.7 to FFr 96.7, to tighten credit hy summer." while Crouzet wers 7 per ceot Export-orientated Electricals, higher. Vebicles and Cameras led the Peoarroya, however, lost 80

Vebicles and Cameras led the recovery oo support from major centimes to FFr 63 on aonounc-

economy released by the Bureau of Statistics helped markets to improve initially in quiet iradiog, but there was a partial reaction later on coptinued investor uncertaioty over rising interest raies.

Market leader BHP reached AS9.24 before reacting to AS9.14 for a net gain of 4 cents. CSR closed strongly, however, with an advance of 16 cepts at AS4.0S. Golds, strong of late on record high Bullion prices, turned mainly easier yesterday, with Gold Mices Kalgurli sheddiog 4 cents to A\$1.45, but Central Norseman held steady at A\$27.00. Western Mining gained 4 cents

to AS2.2S following an announce-ment of plans to fund and develop its Yeelirrie uranium deposits in Western Australia. Elsewhere in Minings, Jimherlana Minerals were notable for an advance of 15 cents to A\$1.65, while BH South recorded a gain of 3 cents at A\$1.55.

Johannesburg

N.Y.S.E. ALL COMMON June 12 June 11 June 1979 1,941 1,918 389 353 95 _11 1,84-1 734 719 481 42 17 Issues Trad Rises Fails Unchanged New Highs New Lows les Traded 56.18 57.68 57.49 67.53 58.18 53.88 (10/4] - (27/5) Gold sbares relinquished some 1 ground in fairly quiel trading, reflecting a downturn in Bullion MONTREAL 1979 prices East Rand declined 50 cents June June 19 11 j eruL June -High Low to R9.70 and Blyvoor 30 cents to R7.65 after dividend announce-Industriel 268.49 267.45 267.58 297.50 268.49 (12/6) 255.41 285.18 265.72, 265.85 266.41 (12/8) 219-18 12(1) 225,80 (2/1) TORONTO Composite 1574.8 1584.9 1570.2 1570.8 1574.D (12/8) 1815.8 (2/1) Financials were marginally lower, while Coppers **JOHANNESBURG** were quietly steady to firmer and Platioums were basically 228.4 (17.4) 270.5 (2/1) 291.7 294.7 Gold Industrial 287.5 295.4 (29/6) 330.0 (23/8) unchanged, Collieries drifted | Juns | Pre- 1979 | 1979 | 12 vious | High | Low June | Prev- 1979 / 1979 Australia (1) 670.75 677.05 597.68 545.72 8pain (2/1) (19/3) 108.09 (3) 105.51 105.59 Belgium Market was slightly lower lo Sweden Switzerid(1) 308.9 594.0 329.1 10/61 78.5 78.6 81.6 78.5 78.6 81.6 another quiet trading session. Jardine Matheson lost 10 ceots (8/1) 71.5 (15.2) 719.4 (7/6) 71.3 (7/6) 493.85 (2/1) 68.38 (2/1) 68.38 (2/1) 68.38 (2/1) 68.38 (2/1) 68.38 (2/1) 68.38 (2/1) 68.38 (2/2) (104) (2/2) 1 (2/5) (3/1) Dec. 1953. §§ Amsterdem Industriel 1970. ¶ Hang Sang Sank 31/7. Ill Sance Commerciale Italiaos 1972. a Tokyo New SE 4/1/88. b Straits Times 1986. c Closed. d Madrid SE 29/12/78. s Stoskholm Industriel 1/1/58. f Swiss Bank Corporation, u Unavell-able. (2/5) (3/1) France (11) 78.5 78.6 Germeny (#1) 735.6 750.1 839.6 Holland (\$1] 71.6 71.4 85.9 (24/1) Hong Kong 545.55 547.25 568.90 Italy [5] 77.05 78.45 80.01 c Gents, d Oividend after pending rights and/or serip issue. a Por share. If Frences. g Gross div. %. h Assumed dividend efter scrip end/or rights issue. k Alter focel taxes, m % tex free. n Frances including Unliec div. p Nom. g Shera split. s Oiv. end yield exclude special payment. t Indicated div. v Unotifield trading. v Minority holders only. y Merger pending. * Asked, t Bid. § Tiaded. t Seller. s Assumed. ar Ex rights. xd Ex dividend. xc Ex serip Issue. xs Ex ell. A Interim since increased. Japan (c] 430.58 437.97 462.97 Singapore 14) 358.51 401.92 404.13 (28/5) TUESDAY'S ACTIVE STOCKS closing price 30⁷ 36³ 12⁷ 44³ 12⁷ 8 31³ 17⁵ 20³ 41³ Indices and base datas (alt base values 100 except HYSE All Common-50; Standerds and Poors-10; ond Toronto 300-1,000; the fest named based on 1975). I Excluding bonds, 4 00 Industriels, § 400 Industriels, 40 Utilitues, 40 Finance and 20 Transport. 1 Sydney All Ordinary. I Balgian SE 31/12/63. ** Copeninggen SE 1/1/73. 11 Paris Source 1961. #+ Commarzbank · ALICTO ALIA CTOCKHOLM

At. Richfield 65 651; Pirestone Tire 12:1 12:2 McDonnell Boug. Auto Oata Pro 34:3 34 First Ghicago 17:1 16:1 McCraw Hill AvC	43 4234 5000000000000000000000000000000000000	white Swife 500 denom, and Beater shares unless otherwise stated. # Y50 denom.	ar Ex rights, and Ex dividend, and Ex a serie issue, and Ex ell. A interim since	\$ 400 Industriels. § 400 Industriels, 40 Utilities, 40 Finance and 20 Transport.	16M 572,000 78 + 3 Charter Go, Wts. 390,100 314 + 9 Storags Tech	
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KLM P F.100 45 140 4 6 10 620 KLM P F.110 1 1.50 2 9.50 1 9.60 KLM P F.120 - 1 19 1 19 1 19 PET G Fr.4600 - - 2 6.55 3 660 Fr.4620 PET G Fr.4800 21 320 5 570 " PET G Fr.4900 21 320 5 570 " PHT C F.25 25 0.40 52 1.20 42 1.80 F.24 PHI C F.27.50 - 20 3.40 - - PRO C F.35 5 5 2 - PRO C F.35 23 10 20 20 - - F.144 RO C F.135 1 0.40 - - - F.144 RO C F.135 1 0.40 <th> Barciays Bank</th> <td>Junc 12 Kroner. - 2 2 Andelsbanken 14112 -12 (12 7.8 Oanske Bank 12114 -12 12 9.9 East Asiatic Co 126 -14 10 8.0 Finanabanken 12612 -14 16 10.3 8.7 Genske Bank 12612 -14 16 10.3 8.7 Finanabanken 1265 -14 10 10 8.0 Finanabanken 13612 -14 16 10.3 9.1 G Hthn H 1K/901 31812 -12 12 3.4 Novolnd'stries 8 20912 -12 6 -7 Novolnd'stries 8 20912 -12 6 -1 12 8.7 Soph.Berensen. 138 -1 12 8.7 Soph.Berensen. 16612 -12 12 7.7 ViENNA 126 -10 12 7.7</td> <td>Oerilkon 8(F260 2.550 - 20 15 1.5 Pirallif100 280 + 2 15 4.9 Sandoz (F.950). 4.400 + 100, 86 1.5 Do. Part Certa: 537 -12 26 2.4 Schind rCF100 320 12 3.7 Sutzer Ct(F.100) 345 14 4.0 Swigast [F.350) 800 - 19 10 4.4 Sw. Reins. (F250) 5.160 40 1.9 Union Bank 6.10 + 35 20 2.8 Zurich Ine 12,050 + 75 44 1.8 MILAN - Price +-or Div. Yld. Juno 12 Ure + - Fiet 2.673 +53 185 5.7 Do, Priv. 8.189 -1 Tisider 158 -1 Tisider 158 -1 Medobaroo 36.796 + 286 1.00 3.3</td> <td>Nord IGle Guiner 20.5: 1.3 10.13 4.8 Paribas 902.6: 1.3 10.13 4.8 Pachiney 96.71+3.7 7.5 7.9 Permod Ricard 283 +12 16.55 4.7 Paugeot Ricard 283 +12 16.55 4.7 Permod Ricard 283 +12 16.57 4.7 Paugeot Ricard 283 +12 16.57 4.7 Paugeot Ricard 283 +11 60 8.5 Radio Tohnique 368 +11 60 8.5 Radouta 130 +6 10.58 3.9 2.6 St. Gobain<</td> 131 -45 10.57 9.2 9.8 Telemecanique 568 +13 25.5 3.7 TommonBirandt 207.0 +3.1 16.7 7.8 Usinor 11.1 +0.1 - - - BRAZIL Price For Kruz Yld - Div< % 8 </td <td>SPAIN Par.cant June 12 Par.cant Asisnd 104 Senco Bilbao 265 Banco Central 259 Banco Exterior 252 3. Gransde (1.000) 134 Benco Hispano 259 8co. I. Cat. (1.000) 143 Benco Madrid 201 8co. I. Cat. (1.000) 143 Benco Madrid 201 8co. Unquijo (1.000) 237 Benco Vizcays 271 Benco Zaragozano 235 Sepanole Zinc</td> <td></td>	 Barciays Bank	Junc 12 Kroner. - 2 2 Andelsbanken 14112 -12 (12 7.8 Oanske Bank 12114 -12 12 9.9 East Asiatic Co 126 -14 10 8.0 Finanabanken 12612 -14 16 10.3 8.7 Genske Bank 12612 -14 16 10.3 8.7 Finanabanken 1265 -14 10 10 8.0 Finanabanken 13612 -14 16 10.3 9.1 G Hthn H 1K/901 31812 -12 12 3.4 Novolnd'stries 8 20912 -12 6 -7 Novolnd'stries 8 20912 -12 6 -1 12 8.7 Soph.Berensen. 138 -1 12 8.7 Soph.Berensen. 16612 -12 12 7.7 ViENNA 126 -10 12 7.7	Oerilkon 8(F260 2.550 - 20 15 1.5 Pirallif100 280 + 2 15 4.9 Sandoz (F.950). 4.400 + 100, 86 1.5 Do. Part Certa: 537 -12 26 2.4 Schind rCF100 320 12 3.7 Sutzer Ct(F.100) 345 14 4.0 Swigast [F.350) 800 - 19 10 4.4 Sw. Reins. (F250) 5.160 40 1.9 Union Bank 6.10 + 35 20 2.8 Zurich Ine 12,050 + 75 44 1.8 MILAN - Price +-or Div. Yld. Juno 12 Ure + - Fiet 2.673 +53 185 5.7 Do, Priv. 8.189 -1 Tisider 158 -1 Tisider 158 -1 Medobaroo 36.796 + 286 1.00 3.3	Nord IGle Guiner 20.5: 1.3 10.13 4.8 Paribas 902.6: 1.3 10.13 4.8 Pachiney 96.71+3.7 7.5 7.9 Permod Ricard 283 +12 16.55 4.7 Paugeot Ricard 283 +12 16.55 4.7 Permod Ricard 283 +12 16.57 4.7 Paugeot Ricard 283 +12 16.57 4.7 Paugeot Ricard 283 +11 60 8.5 Radio Tohnique 368 +11 60 8.5 Radouta 130 +6 10.58 3.9 2.6 St. Gobain<	SPAIN Par.cant June 12 Par.cant Asisnd 104 Senco Bilbao 265 Banco Central 259 Banco Exterior 252 3. Gransde (1.000) 134 Benco Hispano 259 8co. I. Cat. (1.000) 143 Benco Madrid 201 8co. I. Cat. (1.000) 143 Benco Madrid 201 8co. Unquijo (1.000) 237 Benco Vizcays 271 Benco Zaragozano 235 Sepanole Zinc	
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large cash	1 rese	rves. H	le said reporti	ng l	ower	tn \$321 after third-quarter	294.71	i, Ülii				· · · · · · · · · · · · · · · · · · ·		
W YO	RK		Stock	June 12	June 11	Stock	June 13	June 11	Stock	Juna 12	Junc	Stock	June . 12	Jun ^e 11
Stosk	June 12	Jone. 11	Control Bata		38 :4	Johns Manville	24	243	Revien. Reynolds Metals.	47%	4614	Willam Co	1958	2013
			Cooper Indus		51%) 57%	Johnson Johnson	721: 28	275	Reynolds Metals. Reynolds R.J	565	563a	Weconsin Elect	26	26 26
t Labs	34	32 ie	Gorning Class CP _ in r'mation'i		51 (a	Johnson Control. Joy Manufacturg		341	Rish'son Marrall.	803	1974	Wyly	64	61
ternational		15 h	Crane Co .	30	2914	K. Mart.	271	261	Rockwall Inter	583	3812	Xerox	61	6212
tite & Ca.	32	32	Crocker Nati		391	Kaiser Alumini'm		1959	Rohm & Haas	384	38⇒a	Zabeta	185	8ذ82
oducts	89	2d×	Crown Zellorb'h		364:	Koiser Industries	2 36 ³ 1	3752	Royal Outch	69	68	Zenith Radio U.S. Treas.4% 80	1358	13
Aluminium		5612	Cummins Engine Curtiss Wright.		14-a	Kaiser Steel Keneb Bervises		1658	RTE	1110	10 %	USTreas42875/85	+841.	96 8414
	56 is	551	Curriss wright.			Kay	16	15:	KOSE 10ge	10.4	104	U.S. 90-day bills.	8.89 219	.06
Ludium., .	19%	195a 171a	Папа	274	26.%	Kennecett	254	231	Ryder System	a05a	20%			
Chemical	531	32	Dart Industries .	43	43	Kerr MoCae	50%	51	Zafeway Stores. St. Joo Minerals.	35 ag 383 1	35.58 28			
Storeo	241	24	Deltona	11:4	11.5	Kidde Walter	5012	471	St. Regis Paper		31	CANADA		
halmors.	3458 57	3311	Bentspiv Int.	tS'	15%	Kimberley Glark Koppors	2112	215	Santa Fe Inds	4119	40	CANADA		
		56 in	Oelrcit Edison.	15 27	151.	Kraft		4512	Saul Invest	774	773			
ada Hess		411:	Bramond Shmrk	2311	25.	Kraft	19.	19 2	Saxon Inds	12	614 1134	Abitibl Paper	19 .	18%
Alrlines	111. 591a	1013	OlGiorgio Corph.	13%	1312	Loaseway Trans.	a213	22.5%	Schiltz Brewing., Schlumberger	76	76	Agnico Eagle	74.	7 »a
8rands 8ioadc'st.		2621	Digital Eou o Disney (Wall)	56 14 36 19	5614	Levi Strauss Libby Ow. Ford.	491.	4812	Schlumberger SCM	225,	2218	Alcan Aluminium	431, '	48.5
Can.	5819	38	Dover Corp n	50/e	51	Libby Ow. Ford. 1	21.4		Scott Paper	1712	1758	Algoma Steal	46 .74	2978
Cyanomid	26	26.0	Dow Chemical .	27		Liggalt Croup'	381-	38	6covil Mrg		185g	Asbestos Bank Montreal Bank NovaScotia	22.5	2253
Oist. Tel	2312	23.H	Oravo		25.4	Lilly (Ell).	661.	5514	2cudder II uo Capi	9 18	858	8ank NovaSootia	221	22%
Elect. Pow	21% 545, 1	2131 5435	Dresser	4412	441) 1275	Litton Industrias	2915	28%	Sea Containers	1816	1734	cell relephone	2253 4	aaı
Express HomeProd		27	Eagle Picher	23.5	231	Lockh ad Aircrift	21 a	2131	Seagram	524	5212	Bow Valley Ind.,.!	3014 3	501 ₈
Medical	291	281	Eastern Arlines.	81.	8.6	Long Isl'nd Ltd	2338	25 1658	Searle IG,D.I	15	141 ₂ 19			
Motors	719	6	Eastman Kodak.	57	56 já	Louisiana Land	30	3018	Seors Roebusk		271	BP Ganada	2821	29
Nar. Res .	4154	4th	Eaton	585 ₄	3816	Lubrizol		44	Shall Oll	421, 1	4212	Brascan	451.1	23:a 45:a
Standard	-8IA	47.		2 7 1	50	Lucky Stores		15%	Shell Transport	3114	30	Camflo Mines	1374	14
Stores . Tel. & Tel.	55 i a 58 i a	55 ³ ; 58	E, C, & G El Paso Nat, Gas,	331-	52;a 191;	MacMillon	185 ₆ !	183	5igna	26	25 Ja	Caneda Cement	1278 1	318
sk	32 4	3173	Elha.	20 %	227	Macy R.H	3758	373	Signode Corp.	3378	3534	Can, NW Land Can, Perm. Mort Can, Imp. 8k.Com	1314 1	123,
	163	16.	EmersonElectris	541	3312	Mtrs, Hanover	321	52	Simplicity Pat	151.	1258	Can. Perm. Mort	a118 2	2119
	sā,	351	EmeryAirFreight	21	2134	Mapco Marathon Oil	7852	7753	Smith Inter.	56%	5668	Canada Indust	2334 2	257 <u>a</u> 25
×	161	154a 175	Emhart	36%	561 ₄	Marine Midland,	15 /	1513	Smith Kline	45	4218	Can. Pacific	32 3	5131
ser Busch.	171 ₂ 2538	25:	E.M.I Engelhard	21	544		17-1 1		Solitron	534	6.46	Can. Pacific Inv. Can. Pacific Inv. Can. Super Ol.	514 3	51.78
	21 8	2114	Esmark		2634	Marsh McLenn n;	6078	6012	Southdown	4454	44	Can. Super OIL	13612 13	
	264	2673	Ethyl	2712	28				Southern Cal, Ed, Southern Co		264 13	Carling O'Keefe. Cassiar Asbestos	574	531
	15	1412	Exxon,	51-4	51 %	May Dept. Stores		27 42 Ja	Southern Nat Res	56la i	3552	Cassiar Agoastos	11.6 . 1	1 1 23
0	1856	1812	FairchildCamera Fed.Dept. Stores		65 501a	MCA McDermott	1775	171	Southern Pacino	5158	5110	Ghlaftarn	27 2	26
	4338	4212	Firestone Tire		12 77	McDonnsil Doug.	225	2155	Southern Railw'y	65	5518	Cons. Bathurst Cons. Bathurst	3775 3	37 ja
chlieid Data Pro	3450	34	First Gincago		1653		67.0	2334	Southland	29 1	2714	Cons. Bathurst	1278 1	12:5
	1112	1112	Nat. Fst. Boston.	281	2813	MSTOTEX	201	30	S'w't Banshares.	2418	25 L2	Consumer Cas	2458	914
	22.4	2119	Flex: Van		1612	Merck Marrill Lynch	6812	6579	Sperry Hutch		1312	Coseka Resourca Costain Daon Oevet	1650 1	512
Products	47%	6712	Flintkote	35 12	3314	Marsa Petroleum.	18:4	1BI4 484	Sperry Rand	4838	46	Daon Devet	1474 1	15.4
Gas Elect .	2554	2514	Florida Powur		29%	MGM	23	224	Squibb	29.53	29			2412
America.	2439	254				Minn Ming & Mtg	5618		Standerd Brand.		2438 49	Dome Minee	441	1734
Tr, N.Y.			F.M.C		25 2	Mabil Corpn	76 '	755	Std.Oil California Std. Oil Indiana.,		6614	nome Petroleum	6112 . 4	1951
r Oil	54 .	331	Ford Molor	45%	43 4	Monsanto	48	4714	5td. Ill Ohio,	66 4	57	Rominion Sridge	37 2	57 26 ig
Resources	7	75	Foremost Mck	2358 - 3711		Morgan J. P	4614	47	Staull Chemical,	21	2034	Dupont	22 2	224
	42	41	Foxbero	31	375s 143	Molorola Murphy Oil	551	5512	Starling Orug	1931	1950	Faicon'ge Nickel	6214 1 6	52 -
c Food		21.%	Freeport Mineral	471		Nabisco.	2254	231	StorageTechnigy Studebaker Wor.	67	19 271a	Ford Motor Can.	71 it7	7 0 î 8
lick'neon		531.	Fruchaut		3113	Nalco Ghemicals	3.311	235	Sun Co		5418	A		
Howell	171: 39 .	17.:	Fug Inds		1113	Hational Can	1978.	1912	Sundstrand		25 4	Genstar ClantYell'wknife	111. 41	11a

 Hudson's Bay Oil ; to C\$35;
 recovery do support from main in the features of 14 to 50 m action in the features of Motor Y15 to Y695 and Canon Y14 to Y539. Toyo Kogyo put on Y5 10 Y524 on reports that Samitomo In-dustrial will increase its Toyo Kogyo share holding to cope with Ford Motor's 20 per cent capital participation in Toyo. Pharmaceuticals, Steels, Ship-

ping Lines and some Oils and Coals also closed firmer. Germany

Takiog some encouragement **CAUAGA** Following Monday's downlurn on profit-laking in the Oils sector, Canadian markets showed be. He added that most investors from a steadier Domestic Bond are hesitatiog hecause it is not market, share prices maoaged a clear how large OPEC's expected fresh recovery yesterday, leaving further crude oil price rise will the Commerzbank iodex 6.7 higher at 736.8 He added that most investors from a steadier Domestic Bond

clinhed DM 4.80 and BMW
 DM 1.50, while Electricals had
 Siemens up DM 3.20. In Steels,
 Klockner picked up DM 2.50.
 Luftbansa rallied DM 3.
 On the Domestic Bond market.
 Public Authority issues abowed
 gains of up to 25 pfeonigs and
 losses limited in 20 pfennigs,
 with the Bundesbank selling
 DM 22.7m nominal of paper
 after sales of DM 3.6m on Monday. Mark Foreign Loans were

day. Mark Foreign Loans were well maintaioed. Paris Stocks were generally firmer in fairly quiet trading, with sentiment aided by a reduction in

the Call Mooey Rate to 71 from 75 per cent. Brokers noted that the market Improved despile the announce-ment of a FFr 4bn French State easter.

Loan, to be floated on June 20. Mechanicals, Foods, Electri-cals, Oils and Textiles closed mainly higher, but Banks, Holels

and Stores were mostly lower. Portfolios, Constructioos and Chemicals were mixed. BSN Gervais Danone advanced Chemicals were mixed. BSN Gervais Danone advanced FFr 97 Ato FFr 687. Bouygues FFr 26' to FFr 578, Generale Occidentale FFr 17.1 to FFr 271 UNITED States of the formation of th

NOTES: Overseas prices shown balew exclude S promium. Balgign dividends are alter withholding lax. • ON 50 denem. unless otherwise stated, yields based on net dividendo plus tax. • Pra 500 denom, unless otherwise stated.

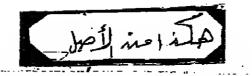
Pro 500 denom, unless outervise stated, 5 EKr 100 denom, unless otherwise stated. 6 SwFr 500 denom, and Beater shares unless otherwise stated. 7 Y50 denom. unless otherwise stated. 5 Price at time of suspension, a Florins, 6 Schillings.

Hong Kong

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to HK\$11.50 and Hntchison Whampoa 7.5 cents to HK\$4.35,

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Financial Times Wednesday June 13 1979

FINANCIAL TIMES SURVEY Wednesday June 13 1979

Northern Ireland

would he even higher if some extra costs of having the Army operational in the province are included (these are often excluded because it is argued that if the army were not in Ulster it would he somewhere etse, so that the Northern Iriah

poorest in the UK.

DAY, MORE than 10 years r the "troubles" started to in Northern Ireland it ld be futile to pretend that lasting overall aduiton to bitter sectarian conflict is cloact.

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Stewart Dalby

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1 the surface the province ears more normal. The ince is not so heavily pubed (partly, one feels, use after 10 years of watchon their television screens t of the Britiah public have little response to it and

t to shrug it off). t 13,500 British troops sin in the province and show 1 sign of leaving. Every 5 seems to bring reports of being reports of ildier or policeman being d or a homh being planted train or factory. The Pro-nal IRA has not been ated. It has transformed f from an often clumsy et army into a more sophisti-i guerrilla force which, it is clear, will take a long if ever, completely to icate.

terms of hald economic Limbo , never mind tho toll in an llvcs, Northern Ireland unts for £2bn a year. When contributions of Northern i taxpayers are sirlpped out still leaves a net amount of m fnr 1978/79. In 1977/78 net enst was £1bn because of

cost is not an extra one). So far this year 32 peoptc have been killed compared with 81 in 1978, and the total death over the 10-year period since the tronhles started stands at 1,932, plus 16,525 injured. And not only are the province's citizens being killed; they remain, with a per capita income

of £2,100, probably among the Even without the troubles, Northern Ireland would have had an unemployment problem,

since its industries are declining ones. The province saw its heyday in the late Victorian era and the first decades of the 20th century, when unlike the Irish republic. Ulster attracted in particular shipbuilding and textile concerns. These industries today are throwing people on to the jobs market, as is

agriculture. Unemployment at 10.9 per cent is twice. the national average. The province remains in an unsatisfactory political limbo.

It had its own Parliament at Stormont for 50 years—which meant that it had more antonomy than virtually anywhere else in the UK but since 1972 there has been direct rule from Westminster with the result that at a local level the province is probably now less governed than anywhere else in the UK.

The majority rule system of democracy in the UK, with its first past the post method of electing representatives meant that the Unionists usually elected by the 1m Protestant Unionists in the province domirite-off nf £250m for the nated Stormant and discrimina-hern Ireland Electricity Ser-borrowings. The cost Catholic group often took place. nated Stormont and discrimina-tion against the minority 500,000 taln.

Ulster's bitter sectarian conflict is still taking its toll in lives and disruption after more than office emphasised the fact that interest in talks about power-in the past two years seven U.S. sharing with Catholics under the old government since they ten years of strife. Yet, despite the increased sophistication of the Provisional IRA, there ments to invest in the province and create 4,100 new jobs. is some hope. A start has been made to cut the alarming level of unemployment and the appointment of a fresh Ulster Secretary—belonging now to a majority government and the was high but they were the first Westminster—could improve the prospects for political progress.

It is not the case that every single Protestant is a Unionist, or that Catholics had no representation at all. Nevertheless, civil rights abuses were a potent factor in stoking the violence which erupted in 1968 and 1969.

At the moment there is no government hetween the allpowerful Secretary of State and the virtually impotent 26 district councils, although the old Northern Ireland civil service departments like Commerce and Industry and Finance remain intact to work for the Secretary of State and bis team of Ministers.

The previous Secretary of State, Mr. Roy Mason, made progress towards the little restoration of local government. On the more complex issue of arriving at a return of some kind of devolved government,

perhaps aloog the lines of powersharing as in the abortive 1974 experiment. Mr. Mason had the ground cut from under his feet because of his Labour Party's minority position at West-minster. This meant that Mr. Callaghan had to do deals (which many described as squalid) with the official Unionists, who with seven seats in the last Parliament were important in the balance of power.

that one can now write with a whole lot worse. Two years ago even this limited optimism would have been difficult to sus-



Soldiers in Belfast city centre during Ulster's general strike in May 1977

primarily confined to one groups and mass riots and dimension in the sense that it demonstrations have mostly if is largely the Provisional IRA perhaps versus the security forces receded (although the newly emergent main Irlsh National Liberation Army Belfast should not be completely again after a decade of bombs discounted).

The Protestant Paramilitary Despite this gloomy catalogue groups, have remained quies- were killed compared with the of despair, however, it is true cent. There are fewer out-and- \$1 last year. The Provisionals, out sectarian murders, although some optimism about Northern since over 90 per cent of the Ircland on the basis that if the Royal Ulster Constabulary are situation is bad, it could also be Protestants the Provisionals' murdering of policemen could be seen as sectarian. But the "no-go" areas have largely gone, there are fewer barricades The security situation is now in the streets, the vigilante highest since May 1973. They

perhaps not permanently receded from the scene. The main towns, particularly Belfast, are being put together

and bullets. In 1972 some 482 people having regrouped into the cell structure, have proved they are capable not only of waging a sustained compaign against police end soldiers in the province. Last month, for example, the number of security forces members killed was the

bave also sbown they can strike with hombs in Britainwilness the murder of Mr. Airey Neave—and also opcrate in European capitals. They have shove all proved that they probably cannot be wiped out completely (the recently captured army intelligence the unemployment prohem. document said they would he a The most controversial of the potent force until at least seven projects, the De Lorean

Yet these achievements are essentially negative in that if to complete normality it has not stopped some amelioration of the situation both politically Trust House Forte indicated plans for a tourist complex in

Provisionals strategy failed to acbieve its main goal of making Northern Ireland an election issue and thereby putting it hack in the forefront of British government in the form of life and increasing pressure on the politicians for a withdrawal a regional council or councils corresponding to county coun-cils in Britain. Quickly grasp-

It was significant that it was only the introduction of the "American card " with speeches by U.S. politicians like Mr. "Tip " O'Neill, the Speaker of the House of Representatives, which got Britisb politicians to discuss Northern Ireland in the which local represetation can be augmented. British election campaign. The Provisionals' bombs and bullets

saw they could get concessions from Mr. Callaghan. The five Admittedly the coat of attractor six extra seats which the province will get in the next Parliament will prohably largely go to the Unionists.

39

Since the election a new factor has entered into the equation in that the Rev. Ian existing companies, job creation is probably running at 7.000 a year. This is not enough, since Paisley's party the Democratic Uninnist Party, increased its number of seats at Westminster the Department of Commerce and Industry has estimated that to get unemployment hack down to three. The apparently continuing support for the uncom-promising Mr. Paisley in the to the pre-troubles level of 7 per cent would need 8,000 net province will prohably new jobs a year. other more moderate Unionists like the Official Unionists from But it is a start in tackling

contemplating talking even about a new exercise in power sharing. On the other hand Mr. Atkins

does come to Northern Ireland as a fresh and unknown personality. Mr. Mason towards the end had thoroughly fallen out with the main Cathnlie. moderate group, the Social Democratic and Labour Party, as welt as having had prictly relations with Dublin. The Government of the Republic wants to force the pace nn Northern Ireland and could find " in dealing with Mr. Atkins there are two factors working in his. favour.

deter

First, when all is said and done, the Conservatives under Mr. Heath and Mr. William Whitelaw made the one solution in power-sharing.-solution in power-sharing.-Perhaps it is easler for the Conservatives as the party... traditionally aligned with the. Unionists to bring pressure on " them. Secondly, Mr. Atkins works for a UK Government which has an overall majority and so is not obliged to make the kind of deals forced nn Mr. Callaghan. With a likely five-year run. Mr. Atkins must be judged as having as gond a chance as anyone at getting

Fermanagh. There is a hint of another-a 200-jnb factory by The police and Army say that the Provisionals' violence a U.S. concern. has probably been reduced to the minimum and imply that the current level of violence is Pledge the one which the population will have to contend with for Progress on the political front might be hard to achlevc. the foreseeable future. Mr. Humphrey Atkins, the new Secretary of State has im-In its political context the pressed observers with the start he has made by watering down the Conservative Party's election pledge to restore local

of British troops.

On the blgger issue of devolved government any had little effect. In the economic sphere, Mr. movement will undoubtedly be ireland's seemingly intractable Roy Mason, just before he left slow. The Unionists had little political problem.



ing how provocative this could

have been to Roman Catholics

if done on a majority rule or

largely unionist rule basis, Mr. Atkins has asked for a breath-

ing space to look at ways in

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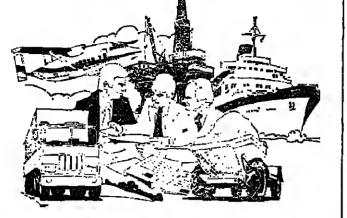
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Trials facing new supremo

NORTHERN IRELAND II

HUMPHREY ATKINS will un- In the power-shariog experi- support of first the UK Liberals system of select committees longer a hung Parliament at veto potential over the much-doubtedly want to achieve what ment. (Faulkner's party, the aod then the Scottish elected on a proportional hasis. Westminster., chastened Unionists. For his immediate predecessor, as Unionist Party of Northern Nationalists, the official had virtually no chance of However, in the May election different reasons they are just Secretary of State for Northern Ireland, has now shrunk to the Irelaod, Roy Mason, failed to do point where it has oo represen-

-namely progress towards a tation at all at Westminster.) political solution in N. Ireland. He is going to he confronted, scat on hehalf of his Democra-tic Unionist Party, Ulster prohlems compounding the Unionists held one seat and an already dauotiog political Independent Uoionist brought impasse. These arise from the new political configuration left hy the last general election. In the old Parliament, the Independent Republican. The Official Unionists in the Official Unionists held seven of

last Parliament not only seem to have held sway over the other the 12 Northern Ireland seats. They are the rump of the old three Uniooist members in Ulster Unionist Council which split in 1975 hecause of the participation of the late Brian terms of reat politics, hut as Mr. Callaghan's minority Faulkner (later Lord Faulkner) Government gradually lost the

Unionists came to he a very important factor in the halance of UK Parliamentary power.

It is now clear that the Callaghan Government did a "deal" with the Official Unionists in return for the five or six extra seats Northern ireland will gel in the redistribution which will precede the next election. The Official Unionists supported the Government-al least uotil the final vote of deeply ingrained reluctance confideoce.

In the face of the power held power sharing. by the Official Unionists Mr. Roy In theory Mr. Atkins should Mason's plan for a 78-member have greater latitude thao his non-legislative assembly, with a predecessor since there is no

success.

There was little reason for Mr. James Molyneaux, the leader of the Official Uniooists at Westminster, or his deputy, Mr. Enoch Powell, to discuss power-sharing with the Catholics under Mr. Mason's scheme when they had such a hold over him. vote, as opposed to the Official Unlonist 36.6 per cent. Their leverage at Westminster merely reinforced an already However, he has again demonstrated that there is a hard core even to contemplate the idea of of Unionism which supports him. and he thus has a considerable power sharing.

Yet if that analysis is reason-

ahly encouraging and means.

that Mr. Atkins has breathing

space in which to work out his

policies, it should he added that

few people have any idea as to

what those policies should he.

Government is unreceptive to

with a few attempts at bringing

Political Editor

think of anything hetter.

However, in the May election different reasons they are just Mr. Paisley's DUP increased its seats from one to three at the as unlikely now to want to discuss power-sharing as they cxpense of the Official Unionists. It is always difficult to know exactly what Mr. Paisley stands were in the last Parliament.

Financial Times Wednesday June 13 1979

If, as is being predicted. Mr. Paisley wios one of the three seats in the European clections for excapt that he is a hard-line extremist even hy Unionist standards and totally opposed then his hand will he further strengthened. Mr. Atkins will to power-sharing. His party won only 10.6 per cent of the popular therefore clearly have his work cut out to get any favourable noises from the Unionists.

On the Catholic side of thc divide he shnuld get a favourable response from the Social Democratic and Labour Party (SDLP), tha mainly moderate Catholic graup which has always been in favour of powersharing and in constituency terms is really the only Catholic grouping that matters. In the general election it won 19.6 per cent of the popular vote, easily swamping the mare openly Republican groups like the Irish Independence Party, the Republican clubs and Independents like Mr. Fraok Maguire, MP for Fermanagh— South Tyrone.

The problem with the SDLP has heep the great personal animus which developed hetween Mr. Gerry Fitt, the party's leader and its only Westminster MP, and Mr. Roy Mason. Mr. Fitt found Mr. Mason far too favourable to the Unionists for his mind. He and other SDLP leaders like Mr. John Hume, who is standing for Europe, are increasingly look-ing south to Duhlin for support in the political vacuum where they find themselves. They should he ahle to deal more happily with Mr. Atkios, whn has no track record at all in N. Ireland.

Stewart Dalby

Humphrey Atkins

PROFILE

MR. HUMPHREY ATKINS, the new Secrelary of State for Northern Ireland, represents a now established Tory tradition. Like hoth Mr. William Whitelaw and Mr. Francis Pym, who held underestimated. the office during the previous

It is in the role of good listener that Mr Atkins as Sec-retary of State has been im-Tory administration, Mr. Atkins was the Party's Chief Whip hefore moviog on to Northern

Mr. Alkins also has at least one thing in common with Mr. Roy Mason. his Labnur pre-decessor. Mr. Masoo's success in containing the security situation stemmed partly from his knowledge gained as Secretary nf State for Defence. Defeoce is also Mr. Atkins's subject. Indeed had he not gone to Northern Ireland he was a hot tip for the top defence joh.

Persuade

Ireland.

all the parties concerned have The point about having heen to say—the military, the police chief Whip is important. The and of course the political Chief Whip is important. The Chief Whip is Important. The and of course the political post implies that the holder groupings in Northern Ircland. should he a good listener and Soon there will be a second a good persuader, clearly qualt- round of talks in which Mr ties that are required in Atkins is expected to be rather Northern Ireland. In Mr more pressing in asking ques-Atkins's case it may be particu-tions. But no initiative, and cer-larly significant that he is one tainly oo attempt to bring the of the very few members of partics together, is thought to Mrs Thatcher's Cahinet who he likely before October. Only

continued to hold the same job then will the listener seek to throughout the period of Tory opposition from 1974-79. He was Chief Whip in the latter turn persuader.

Even the pressure from Duhlin for an early move by the stages of Mr Heath's Govern- new British Government seems ment and Opposition Chief to have died down. One of the Whip until the general election. reasons is plainly the realisa-An ability to serve in the same tion that the Governmeot has a post under both Mr Healh and sufficiently large overalt Mrs Thatcher is not to be majority to be able to afford to It is not that the British new thinking. Almost any new idea would be welcome. But the fact is that few ideas are availtry to play it long. It is also recognised that a mistaken initiative now could tead to alt sorts of trouble later. Rather more optimistically, it remain one of containment for is argued in London that even the forcseeable future, perhaps

the Provisional IRA must be going through a period of re- the parties together, yet with assessment. After all, the out aoy great confidence that a violence during the election political solution can he found. campaign did not lead to any No one yet has been able to greater calls for the British to withdraw. On the contrary, It may have strengthened the will

Malcolm Rutherford

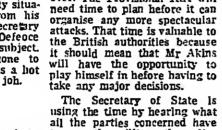
Economic goals still a long way off

AT THE TIME, nearly two workers into the labour market Sir Brian Morton, chairman of ting six years' purchase of the State-owned yard, said at the unemployment and lost tax Northern Ireland Secretary. Mr. It is small wonder that the end of last month that talks were becefits." The Government also Northern Irelaod Secretary. Mr. It is small wonder that the end of last data that the occurrent argues that there should be a backage of incentives to attract threed just hefore Christmas by chasers and the current employ- substantial multiplier effect on package of incentives to attract incore just neutre of isomers by new investment, it looked as if an extra allocation of £50m to the province had finally the Northern Ireland Develop-flopped, exhausted, in its ment Agency, one of the attemnts to mount a downward-province's two providers of ttempts to mount a downward- provin two

ment level of 9.000 might be employment through component maintained. supplies. Meanwhile the construction providers of

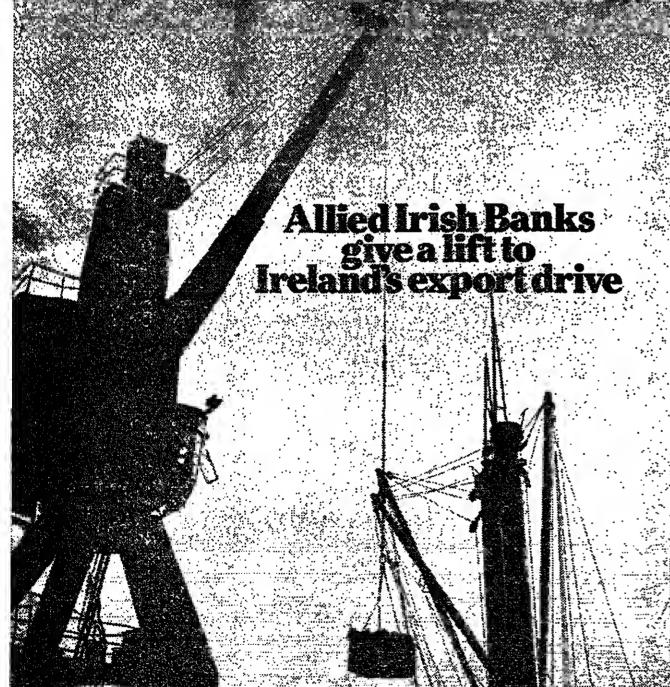
supplies.

In incentive terms De Lorean made



pressive so far. The view now taken in the Northern Ireland Office is that the wave of violence that coincided with the British election campaign is over. The Provisional 1RA will

to stay.



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ARKS

running escalator and was heing carrled towards 20 per ceot ucemployment and industrial decline.

It has since gathered itself up and is once more climbing furiously; hut the escalator is still fast-moving and on many estimates it will take a decade or more, if ever, before the province reaches its twin economic goals of a halanced industrial structure and a more acceptable level of unemployment than the current rate, which at some 11 per cent is roughly twice the UK national average. 1t also remains the poorest region of the UK. with per capita income, at £2,100. still only four-fifths of the

national figure. Part of that gap is explained hy the fact that the province has a smaller active workforce than the mainland-some 36 per cent against 43 per centhut of that workforce of 550,000, the numbers without a joh are stubhornly refusing to shift helow 60,000 and unemployment remains a proh-

lem as intractable as-and a prime cause of—the province's continuing sectarian and political prohlems. Shake-out

Yet despite a shake-out in manufacturing employment spproaching 18 per cent during the past eight years as the economy has struggled to find new markets and diversify out of its traditional overdepen-dence on textiles, shiphuilding and the aircraft industry, the prohlem is not one of dwindling joh opportunilies. Indeed, throughout the sixties and early seventies new johs were heing created at an average rate of 3,000 a year, and after a hiccup in 1956 and part of 1977, the rate of joh creation has grown -with the help of the incentives package-to the point that last year's new jobs, or commitment to johs, topped the 7,000 mark.

Much of the problem lies in the province's swiftly-expaoding A few hundred jobs have been population. Its rate of growth, at 6 per 1,000, is 10 times that of the mainland's and a major mltigating factor of the early seventies-a net outward migration which at the height of the "trouhles" was ruonlog at 16,000 per year, more recently has dropped hack to 1960s levels of 7.000 or so. If Northern Ireland were to follow the trend of female employment on the mainland, where more than 50 per cent of women work compared with the province's 40 per cent. at least 25.000 more women may he waiting in the wings for jobs. Even if the shake-out in manufacturiog industry is almost complete, as many think it is rationalisation in the province's large and important agri-

(صلد اسد للصل

Government investment fundsinexorably was welcomed, indeed regarded as vitai, by the province. Even so, despite the incentives heing among the most generous availcoming company with the right proposals needs virtually no money of its own to set un in husiness-hopes at one stage of hringing unemployment down to 7 per cent hy 1981, which would have involved the

creation of 40.500 jobs, simply cannot he realised. But it is no small achieveis an underlying confidence that If the successes in attracting

new investment of the past 14 months can he sustained-an open question dependent like everything else nn the political situation-there is the prospect of real progress.

Domestic industry currently is investing at a fairly satisfactory level of about £100m a year (one-third of that supplied hy Government) and even if the economy inevitably cannot get fully affoat without an upturn in the economic tide of the UK as a whole, it still presents an altogether far less stark picture than during the recession nf 1974-76, when employers who could now he expanding cut back heavily or who, like Rolls-Royce, simply rotted up the caroets and left, when Harland and Wolff looked like facing closure and the pall of violence appeared impenetrable.

The three largest industrial sectors remain textiles, shipbuilding and aerospace. But it industrial hase that whereas in of the sixties they accounted for almost half industrial employment, they now account for onequarter. Textiles are just about holding their owo, despite hoth the run-down of the linen industry and the developing nations' challenge in the manmade fibres sector which prc-dominates in Northern Ireland. lost in the past 12 months but no further serious deterioration is expected.

Aerospace effectively means Shorts, and the growing sales of its 330 commuter aircraft, its expectations of a reasonable share of component production for the new generation of com- and there has been criticism mercial jets to which the inter- that the cost to the Government mercial jets to which the inter-national industry is gearing itself and increased sales of missile systems should help keep it on the expansion course to which the Northern Ireland Department of Commarce has in the 6,000-strong workforce. Against the hackground of a

losses. Past growth in the could not refuse. But at the private services sector appears same time Northern Ireland to have been checked and the recent changes at Westminster will ensure that there will be able anywhere-at best, an in- no growth in the public sector.

Humphrey Atkins

Pressures

towards rationalisation and specialisation in the face of competition from other Euroment that the decline has at pean Community producers in least heeri halted. Indeed there mainland Britain, Its largest mainland Britain, Its largest market, could eventually, displace a total of 40,000 jobs market, could eventually, from the land.

Thus the province to some extent is still losing on the restructuring swings what it has heen gaining on the joh creation roundahouts, a fact reflected in output figures. In the first quarter of this year the overall industrial output index stood at 105 compared with its 1975 hase, and manufacturing output at 101hoth below the peaks recorded

in 1973. Hence the importance of new off inward investment, and even if the Northern Ireland Economic Council has heen right to warn against "any early euphoria" about the renewed foreign interest in the province, the investment agencies' track record particularly in the past 14 months has been pretty good, if in one area in one area controversial.

The inflow has been almost exclusively North American. Since March 1978 scven new is some indication of the pro-vince's success in widening its on the scene to bring the total of U.S.-owned companies operating in the province to 33. representing a total investment of fa50m and present employ-ment of 17,500 with a full potential of 21.500.

That they have heen jobs dearly purchased is not in douht, none more so than those at De Lorean, the sports car plant now taking shape at Dunmurry in a high unemployment area of West Belfast. where it is planned to produce 30,000 plastic and stainless steel two-seater cars a year by 1982. The factory hy then should be providing at least 2,000 jobs. Doubts have been expressed about the project'e viability

of £26.000 per job is too high. The company and its public backers reject the viability douhts, point out that work is proceeding to schedule and that there should be a substancommitted a further £60m and tial claw-hack to Government which should see some increase not so much in loans hut under a royalties agreement on sales.

In any case, the Department continuing depressed world ship- of Commerce asserts. "what middle ground is still the ind hnidding market, it is Harland matters is not what's being challenging task of allcultural sector is likely to con- and Wolff which faces the most pumped ont but what's coming tinue to decant 2,000-3,000 acute problems. But even here hack in-effectively we're get-

same time Northern Ireland officials were able to point to other arguments in favour of setting up in the province.

Productivity, in comparison with the rest of the UK is good, and has consistently risen faster than on the mainland. Northern Ireland can point to a much While agriculture still better work-days-lost record accounts for 13.5 per cent of than either the UK or its chlef total employment, the pressures competitor for foreign investcompetitor for foreign invest-ment, the Republic of Irelaod (although the latter's problems have been concentrated in the public, rather than manufactur-ing, sector). The North also can point to a better entrenched industrial tradition than in the South, and an orientation towards exports which, on a per capita hasis of something over £1,000, is some two-thirds ahead of the UK and almost double

the figure for the Republic. Among the disincentives, transport costs are higher when compared with a hase on the mainland, and a number of gaps inevitably still exist in the industrial base. While energy costs have heen cut substantially as a result of a £300m writeof the Northern Ireland electricity service's deht - industry is overwhelmingly reliant on electricity—there is agitation for a decision, still with White-hall, on bringing a natural gas pipeline from Scotland as an

alternative, or at least to replace the existing gas produced expensively from oil. In the end, however, progress made in resolving sectarian and political issues will be the ultimate arbiter of recovery. And that means a continuing attack on the disparity which exists in job opportunities hetween Protestants and the less favoured Catholics; desplte the introduction of direct rule and attempts to remove positive discrimination with the setting up

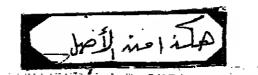
of the Fair Employment Agency (FEA) two years ago. In some Catholic areas unemployment is 30 per cent or more and the FEA estimates that overall the rate of unemployment among Catholics is

two and a half times that for Protestants. There has been criticism that new investment projects have largely gone to Protestant areas, muted only partly by the De Lorean decision to locate next to the heavily depressed Catholic area of Twinbrook.

Worse, with the retreat of the two communities into their respective ghettocs, and an unwillingness to travel through potentially hostile areas to work, the polarisation between the two communities and the disparity in job opportunities has. hecome self-perpetuating.

In any case, the Department Achieving a return to the Commerce asserts. "what middle ground is still the most

John Griffiths



Financial Times Wednesday June 13 1979

NORTHERN IRELAND III

Industry: no choice but to cling on

N THE years to come province bas received special much publicised new projects away from the very large crude nousands of people in N. treatment from the government from overseas, about £10000 is carriers of the mid-1970s to-reland will be thanking over- because of its high unemploy- being ploughed into iodusfry wards smaller more specialised ie immediate concern is diversification and the exploita-hether existing industry has tion of new markets, to overic ability to cling on during a come the short-term problems. erlod of sluggisb economic The Northern Ireland rowth.

Over the past clight years the reasonably encouraged by the umber of jobs in manufac- underlying level of investment, iring industry has dropped by Leaving out the large job-cound 18 per cent. The creating expansions and the

Optimism on De Lorean

ARLY LAST month the first £26,000 per job does look bigheelworks began rising above ie 72-acre site at Dunmurry, at least we're buying six years'

est Belfast, from which the unemployment payments and e Lorean Motor Company lost tax benefits." Lorean Motor Company ans to produce at least 30,000 forts cars a year by 1985. The isn project is both the largest. id the most controversial, of Government-aided foreign vestments which have gol ider way in Northern Ireland nce the introduction of a £1bn ickage of extra incentives in

The Government is pumping j2.5m into the De Lorean proet via its two investment rencies in the province. The epartment of Commerce bas ade available £28m in capital juipment and training grants -most of Dc Lorean's intended orkforce of at least 2,000 will ive to be trained from scratch as well as £6.8m in loans. The Northern Ireland Devecly a "high risk merchant ink." has taken a £17.7m jully stake, which the coojiny has the option lo buy back any stage.

In return for its money the " werminent gets, apart from an repayments, royaliles of per car up to the first .000 produced, and then £45 r car for as long as there mains any Government money not just the development ency's-tied up in the pro-

legister

More importantly, it should 1 at least 2.000 people off the icinployment register, all ing well, and this figure and rise to about 3.400 if, as any expect, further models

busands of people in N. treatment from the government from overseas, about f1000 is reland will be thanking over-because of its high unemploy- being ploughed into iodusfry as investors for their new ment. A variety of measures actually, of which about f30m obs. But for most of the work- helps to keep workforces intact comes from government by way ig population in the region while industry tries, through of standard capital grants.

N. Ireland's two engineering mainstays-the Harland and Wolff shipyard and the Short Brothers and Harland aircraft Department of Commerce is manufacturing concern — to-sether employ about 10 per ccot of the 142,000-strong manufac-turing labour force. Both are now fully owned by the Northern Iretaod Department of Conmerce but future em-ployment trends in each set

ployment trends in each are likely to be quite different.

agreement under which the De-partment is committed to ad-vancing the company a maxi-mum of £60m to cover losses on work on its books. Harland and Wolff's nel deficit in 1977 Has filem as account the pro-deficient the mand-Japanese-made Daihatsu jeeps. **Reputation** All three parts of the Short

will have to be made available. Since the 1950s the shipyard's complement has dropped from 25,000 to 8,000. With the world's shipbuilding order book unlikely to regain any of its former strength until into the 1980s, a further reduction in employment and continuing losses are inevitable.

bulk carrier and three ferrics for British Roil. A fourth ferry

met. The engine works is pro-tected to some degree by the

joint venture agreeovent he-tween Harland and Wolff and MAN of West Cormany which enables medium speed diesel engines to be made in Belfast. The shipyard has received The company's diversification fl25m from the public purse programme has thrown up since 1966. This includes a 1975 novel projects like the manu-

All three parts of the Short Bros. business have experienced growth and the 6,200 strong labour force should increase modestly in the next few years. The company reports increasing success with the sales of the 30-seater SD-330 aircraft of which 38 have been sold. The U.S. has proved its best market but Shorts has this year turned its efforts towards Australasia as well and is stepping up

wards smaller more specialised 1950s will office a prostructures ressels. The present order hook company's aerostructures consists of two products car-riers, two liquid gas carriers, a bulk carrier and three ferrics turers like Boeing and Lockheed which take components from for British Rail. A fourth ferry which take components from may follow shortly and this mar-ket could well hring further work as long as quality is main-tained and delivery dates are of the Rolls-Royce RB-211 series engines.

Sales of its guided missile systems—Tigercat, Seacat aod Blowpipe—helped raise overall turnover from £36.6m to £44.4m in the year to August 31 last. The company's pre-tax insees nearly doubled to £9.75m. Heavy development costs were undoubtedly a factor. But the other main element-prolonged low productivity arising from difficulties under successive pay policies-has been removed.

The Department of Commerce last December approved Shoris' five-year corporate plan and is committing four to aid the re-equipment programme. The compaoy's recent agroement with the Piper Aircraft Cor-poration of the U.S. to assemble Foniahawk two-seater aircraft In Belfast has exciting possibilities for development.

In spite of the well chronicied decline of the region's linen industry, its position is now more

The expansion of the com-mercial aircraft market in the 32,000 or 22 per cent of manu-1980s will bring work to the facturing employment. Hope of with the consequent heavy loss be the same as in 1977. Public an up-turn in this traditional in- of jobs in the processing plants which that would bring. Monthly unemployment figures continue to give a dis-heartening picture of the condustry lies in the EEC's inten-tion to develop European linen production using internal raw materials and expertise.

struction industry. With public sector expenditure planned to The major component of the textile sector is oun-made fibres. A third of UK output comes from Northern Ireland where remain static, few of the major operators see the prospect of any pick-up. Private demand too appears unlikely to show the six majors — Courtaulds, ICI, Du Pont, British Enkalon,

any substantial improvement. The numbers employed, accord-Monsanto and Hoechst — have so far survived largely intact ing to the latest estimate, are likely to fall from the 1977 total of 38,000 to about 32,000 by 1981. from the onslaught of low-cost producing nations. There have been only two noticeable reductions in employment - at Spotlight Courtaulds and ICI. Monsanto's 630-job Colcraine factory manu-The arrival of the De Lorean

factures acrylic fibre and theresports car project instigated by former Ceneral Motors vicefore escapes the company's iominent withdrawal of prion president, Mr. John De Lorean. production from Europe. has thrown a spoilight on the Northern Ireland car com-

The food processing industry. based on Northern Ireland's ponents industry. About a dozen companies are involved, most of them associated with major U.S., huge agricultural output, has An seen an unsteady period. British or European concerns. Nearly half of them have underarray of Government subsidies is paid, the most important of which comes through the Meat laken expansion in the past Industry Employment Scheme three years. Among the products are silencer systems for Chrysler and BL, corhurcitors which has supported more than are 3,500 jobs at a cost of £40m in the past year. The measure was introduced to offset the effects on producers and processors of UK policy on the Green Pound. and distributors for Ford, and

wiring assemblies, The growth in employment in the private services sector is levelling off and crude projec-It acts to close the gap between

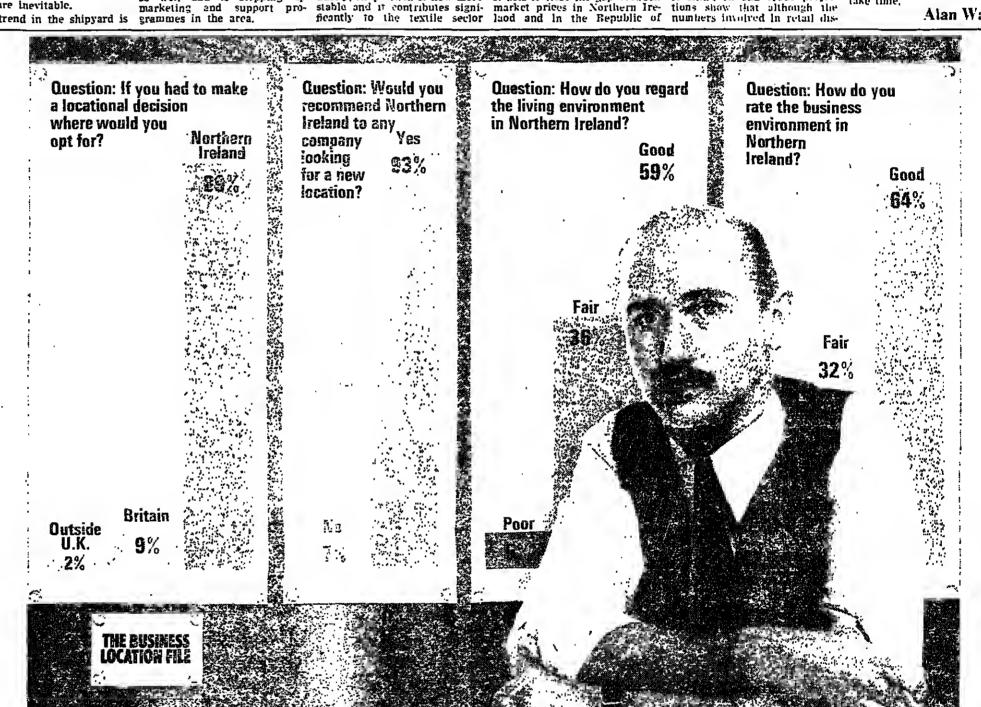
sector employment is expected to rise by JL000 in the same period but much of this will be part-tione, mainly female, em-ployment. As part of the effort to stimulate new investment and expand job opportunities in 10 the private services, the govern ment is examioing ways of cncouracing new and existing manufacturing firms to locate marketing, accounting and other management services in the province.

A growing number ut engineering outfits are among the Northern Ireland companies finding work in world oil exploration and production mar-kets. Hughes Tool, TRW Mission and Camco-three big names in the oilfield equipment business -have manufacturing facilities in the area. With commercial possibilities in the Irish offshore sector increasing, the \$50m generated by the 70 companies involved during 1977 is set to rise markeilly. Given the indux of new manu-

facturing companies and the ability of existing producers to adapt to new markets like oil related equipment, the province is clearly on a course to broaden its industrial base and protect itself from the nose-dive of traditional sectors-but it will take time,

Alan Watson

4



does demonstrate is the strength of the government's commitment to job creation io the province. Northern Ireland has a much bigher level of investment aid than any other part of the UK and for the past two years has been able to offer higher incentives than the Irish Development Anthority, the rival investment-seeking body

What the De Lorean project

" it's got to be remembered that

in the South. There are now 33 U.S.-owned companies operating nr plan-niug to operate in Northern Ireland. Between them they at present employ 17.500 peopleor 13.5 per cent of the manu-facturing workforce-and their full jobs palential is about 21.300. Together they represent pment Agency, which an investment value of £530m scribes itself as being effect- at current prices; and, signific-"high risk merchant antly, one fifth of this investment has come within the past year or so. Io March of last year AVX

of New York announced a 600job £10m project to make electronle capacitors in Coleraine. Two monihs later General Motors unveiled a 516m plant to make 2m seat belts a year in East Belfast (entailing up th 600 jobs). Then followed Coronary Care Systems of New Vork with a heart machine firsi developed at Belfast's Royal Victoria Hospital (200 jobs); the De Larean project and, the

last of 1975, a cathide cuttiog tools plan1 by Adams Carbide Corp. of New Jersey. The momentum has been maintained this year with the announcement in March of a joint venture between NIDA, Clabir Corp. of Concectleut and Newtownabbey-based Everion Engineering which will see Evertan Engineering reequipped and expanded with perhaps 100 extra tobs. The latest, and one of the biggest projects, is a fork-lift truck plant at Craigaron to be deve-loped by Hyster of the U.S. which involves a £30m investment and ultimately 600 jobs. While the province's gener ally gond labour relations and the industrial tradition of its work force are considerations for a company investigating starl-up slies, it is like sheer size of the financial incentives that are likely to sway most companies.

was £1.9m as against the pre-rious year's profit of £2.6m and it seems clear that more funds

osses are inevitable. marketing and support pro-The trend in the shipyard is grammes in the area.

than the gull-wing-door MC 12 two-seater are deveped. Production of 35.000-1000 cars per year is under-ond to he achievable without ajor spending on locreased ant capacity.

That, however, is only the rect potential jobs impact: De orcan and the agencies have ready explored component possibilities with a tpply umber of Northern Ireland impanies and there are hopes tat a substantial number of abs will be created by a multilier effect.

Since the project was first anounced in the autumn of last car, however, it has met wilh oubts and criticisms on a umber of scores. Some critics ave maintained that the risks re tho high even for NIDA's igh-risk aclivities; that there mply is not enough room in ie sports car market for a icce of exotica to be produced i such quantities—De Lorean's lanned oroduction is ten times

hat of Latus, for example. It has also been said that the ecthing problems of a new lant, a new product and a new abour force would prove inuperable, and that in any case he east of creating De Larean obs-at £26,000 per job-is Imply too high.

De Lorean itself prefaced a respectus issued this spring inted at tying up mare investog dealers (the 400 U.S. dealers countries appointed are each equired to take a stake in the mpany and commit them-clves to buying 50-150 cars eves to obying ad-so cars acb) with a warning that a sigh degree of risk is involved and that only those able to efford a total loss of their

nvestment need apply. Yet nearly 300 U.S. dealers tave been signed sn far, most with a stake of at least \$25,000; prection of the plant is nn whenlule; and recruitment is noving abcad to a target of Lund employees within a year of the start of volume produc-ion, which is expected in the latter half of 1980.

atter half of 1980. Prototypes are undergning detailed development work at Lotus Cars' Norwich works under a development agreement signed between De Lorean and Colin Chapman late last year.

Colin Chapman late last year. The management team, now complete, comprises men mostly with a proren track record in the U.S. and European motor industries; and NIDA, which retains twn seats on the De Lorean board, professes itself convinced by the De Lorean market rescarch which has led convinced by the be Lorean Atkins, the new Northern fre-market research which has led the company to claim it should be able to pick up 12 per, cent of the in-ayear U.S. "sporty status as the top priority for the

works since the start of this lieve that the tide of inter-year, so the criticism gradually national investment which has become more muted; but nuly time wilt tell whether the company and its backers, or the doubters, are right. Meanwhile, NIDA insists that even if

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Grants

They include nutright grants by the Department of Commerce of 30-50 per cent on buildings, machinery and equipment: low-rental factories; grants towards start-up costs which can be individually negotiated: low-interest loans for general purposes which can be free uf interest for a period; interest-relief grants for up to seven years on funds horrowed commercially; up to 100 per cent of plant aod equipment transfer costs; relocation allowances for workers, training grants and weekly wage subsidics.

There are also extensive tax allowances, remission of local authority taxation of 75 per cent, and research and develop-ment grants of up to 50 per cent. limited to fim for any single project. In the past year, about 30 R and D agreements have been lioed up with both newly-arrived and well-established companies.

Christmas Just before NIDA's budget ceiling was raised from £50m to £100m, further strengthening its own

job-creating role. Armed with this formidable package of incentives and sup-port operations—these include a manpower services department currently training or re-training 3,500 people a year and a low-cost Industrial Science Division offering technical advice to iodustry-Northern Ireland's representa

Northern Ircland's representa-tives have been pressing the province's case in Europe, the U.S. and the Far East. So far, new investment has been overwhelmingty American and even there, as one NIDA official pointed ont, "we have barely scratched the surface." But with Mr. Humphrey But with Mr. Humphrey Atkins, the new Northern Ire-land Secretary, indicating that car "market, As the project has moved from the drawing bnard to site there seems no reason to bestarted flowing towards the province last year will start to ebb for some time to come. John Griffiths

"If I were an Industrialist, a 93% yes for Northern Ireland would start methinking."

Tann vom Hove, Managing Editor of "The Business Location File", an international bi-monthly magazine for senior business management.

Business Location File recently asked a random sample of 233 manufacturers in Northern Ireland - Would you recommend Northern Ireland to any company looking for a new location?". 93% replied "Yes".

What the Business Location File survey did not make clear is that in Northern Ireland (1) industry enjoys a more attractive package of incentives than in any other EEC country, (2) venture capital is readily available on a buy-back basis. (3) finance and support are provided for joint business ventures and, (4) a largely skilled and loyal workforce is alive to the necessity for growth.

More than 300 new manufacturing projects have already been set up in Northern Ireland. Amongst the latest arrivals is General Motors and Hyster. Join them.

Phone Louis Ritchie at the Ulster Office, 01-493 0601. Or write to him at the Industrial Development Organisation for Northern Ireland, Ulster Office, 11 Berkeley Street, London W1X6BU.Telex21839.

NORTHERN RELAND right for your company

NORTHERN IRELAND IV

Tourism on a tightrope

develop a 260-bed holiday chalet cout to 628,000 and that their complex on a 40-acre site near spending was up hy more than Lough Erne in County a third to £43.1m. But in Fermanagh. It is the first major several ways the figures tell less investment in laurism by an than half the story, operator from outside the pro- The Tourist Bor vince since the start of the got under way in 1977 is accelerating.

At the same time as the com-At the same time as the com-plex was unveiled Mr. Giles Shaw, the new Industry and Tourism Minister, announced a major review of Ulster's tourism industry to assess its potential industry to assess its potential for further development and the means of achieving it, its scope for reducing the prevailing high level of unemployment and the methods by which tourism is promoted.

can be put back on the international tourism map.

Just how badly the last 10 years of violence have hit the industry is still reflected, however, in the relative emptiness of holes in the holiday areas. On a recent Sunday evening in the lofty dining room of the Northern Counties, a grand ofd ' lady among hotels on the northwest coast, just one out of 38 / tables were occupied,

Portrush, which houses the Northern Counties, and the similar reastde lown of Portstewart nearby used to be, with Bangor, the centre of a brisk holiday business based heavily on the Stots and northern Enclish who flocked westwards on the ferries. But as the "troubles" grew so the Scots and English disappeared and up to the last couple of years the holels, bars and restaurants /were kepl ticking over largely / by domestic holiday-makers.

To some extent that is still the case. But increasingly the province has been drawing in Europeans and North Americans to fill the vocuum left by the mainland British.

The there is a revival of interest in the province by tourists from outside is tourists from outside is reflected in Northern Ireland / tourists

TRUST HOUSES FORTE and that last year the total num- demand, the latter laying stress a 1,000-hole golf course wilh is soon to undergo improve-nounced last month that it is to ber of visitors rose by 27 per on holidays for Americans farms and villages scattered ments, but British Airways at

The Tourist Board's term "visitors" covers husinessmen latest 10-year bout of "the and those visiting relatives, as troubles" and provides firm well as "uncommitted" holidayevidence that the ingers-crossed makers. Althnugh last year recovery in tourism which first 194,000 people from the Republie of Ireland slaved more than one day — a third more than in 1977 — only 5 per cent were

> European and North Americans arriving via Britain, so it would appear that the British are still particularly conspicuous by their absence. Additionally, the recovery is

from a small base; of the Im visitors who in 1968 (the year So, although tourism officials visitors who in 1968 (the year are under no illusions that a before the "troubles") contributed from the form of the probability probability to the economy. recovery could be sustained in the face of any prolonged nearly two-thirds were nonusy-renewal of violence, there is makers; by 1972, at the height of the troubles, numbers had of the troubles, numbers had 407,000 spending only £15m, of 407,000 spending only £15m, of whom virtually none were holi-day-makers. So the province still has a long way to go before it gets back even to the level of

1968 carnings, which in real terms today would be worth fillom or more. That the Board is making headway, however, can be discerned in the actual number of holiday-makers. The 17,000 who come from or via Britain last

year represented more than a doubling over 1977; more also arrived from the Republic of ireland, and for the first time the NITB has been able to pin down the number of staying visitors from abroad entering via the Republic. Last year the figure was 30,000 and this Is believed to be half as many again as in 1977.

Tourist Bnard officials say in short that they are busier now than at any time in the past 10 years. The NITB's budget this year has been raised by half lo flom and much mure of its resuurces is being devoted to promotion than previously, when most effort was expended in improving facilities in the hope of better times to come. Since April 1 it has had offices open in Frankfurt and

tracing ancestral roots. While through it." West Germans have been show- The two r The two main inland loughs.

ing most interest among Euro-Neagh-the largest in the peans, there is a growing mar-ket in Belgium, Switzerland British Isles-and Erne, with its and, most recently, France. The Board admits that the

Britisb market is still "desperately sensitive "-hut the fact remains that three years ago miles as well as nut having to not one single travel agent in the world was featuring Northern Ireland holidays. Now 31 major tour operators are featuring a Northern Ireland holiday of "some type."

Searches

Inevitably the kind of holiday on offer tends to have specialon other tends to have special-ised appeal—to the fisherman, the golfer and sailor; to those interested mainly in the out-doors. There is not much choice. Industrial Belfast always lacked charm. London-British anglers are starting in come back in numbers. The last Benson and Hedges angling festival had trouble getting 140 eutries: this time round there derry's walled city and history once made it of interest. But today hnth are to he endured, not enjoyed. Their native populations new give as much dre 250: it was sold out in three days with a waiting list of 100. Nevertheless tourism is unlikely to be-at least for a thought to the barricades and body scarches as people else-where give to finding a parking long time ahead-a contributor spol. But the undercurrents of tension still flow strong.

to the economy on anything like the scale of that in the Repub-In total contrast the convivial lic, where tourist receipts last year were £300m. The present infrastructure is too small. atmosphere in the crowded bar of Daft Eddy's, adjoining a new sailing school and against the There are only t40 registered hotels, of which four are A-star. pleturesque backdrop of Strangford Lough, might helong to anollier world-not Sketrick, a mere 30 minutes' drive from the centre of Belfast. The same can be said of most of Northern Ireland's small towns and villages set among its mountains or scattered along the inughs which carve the province inth a kaleidoscope of often beauti-ful land and waterscapes. It is a message which the Tourist Board is trying hard to put over in ils five-year project to bring im visitors a year hack to the

province. Northern Ireland has 300 miles of coastline, with many fine beaches and some beaches spectacular coastal drives. The roads network throughout the province is good and traffic jams in the holiday regions almost unknown. Camping, pony-trekking, cruising, sailing and golfing facilities are distributed unknown. throughout the provinceable play of the fact that 60 Tourist Board digures showing New York to cope with higher venues "make Northern Ireland

least has indicated it is unlikely to consider direct flights from

Europe all that soon. The NITB hopes, however, mountainous hackdrops and 154 that some smaller carriers islands, have become increas- might be persuaded and there ingly pnputar for cruising, is talk of a possible 40-seater hardly surprising given that une aircraft run hetween Amsterhardly surprising given that une aircraft run hetwee can plot a circular route ni 100 dam and Aldegrove.

Meanwhile, there is the hope fight for mooring space and land that the growing trade from facilities as in other perhaps and via the South will con-better known centres in the tinue to expand, on the basis South and in mainland Britain. that the Republic's Tourist But perhaps the biggest Board's pulley is to promote. attraction is fishing-sea, coarse through its extensive inter-and game. Few anglers would national network, Ireland as a dispute the Board's claim that whole. That is a policy which "we've got the best coarse fish-ing in Europe." heartily endorses, even if one official's remark that "there's It is hoped that fishing might

British attitudes towards with Ireland "might meet with returning. For the first time objections from certain quarters. in nearly 10 years British

John Griffiths

Financial Times Wednesday June 13 1979

Quietness away from the troubles: a scene in the Mountains of Mourne, Co. Down

Farms specialise as numbers dwindle

the province's top rating. To those can be added 500 guest and boarding bouses and perhaps 200 holiday farm-houses. Last year's occupancy rate of 35 per cent (up 2 per cent from a year earlier) still leaves plenty of slack, but with their eyes on the lunger term. land agriculture. tourism officials are anxious to The standard of show entries

see the current hotel capacity of 3,500 bedrooms doubled over of equipment such as boats and British Government's preparedchanneiling Department of Commerce grants of up to 50 ness to continuc with the sub-sidies which help N. Ireland

per cent on new hotel accom-nuclation. There are currently lems. perhaps 1.500 new bedrooms at Agriculture is big business for the province. It gives work various stages in the pipeline. Travel to the province still to 13.5 per cent of the working presents problems for averseas population, uses 80 per cent of the land and in 1978 ls holidaymakers, given that there are no direct ferries nr services reckoned to have had a gross to Europe. Aldegrove airportoutput of around £490m.

Some 90 per cent of this was from livestock and livestock pro-ducts. compared to 65 per cent in Britain. It is in this sector that the difference in the level of the Green Pound hetween Northern Ireland. as part of the UK, and the Irish Republic noses the biggest threat. Some 90 per cent of this was

around the cattle pens at tast when they are calculated, are operative in the province month's Royal Uister Agricul-tural Society show in Belfast hefty rise, so the net income would have revealed to the of the industry may not have eavesdropper just how times changed a great deal over have changed in Northern Ire-previous years.

The books for 1977 show how rising costs have hlt the land. still came in for comment. But Against that year's gross output farmers who had collected from of £25m had to be set expenses of £425m had to be set expenses of £381m, with the cost of feed. the next few years. To this end the NITB is annual outing were more stuffs up hy 18 per cent and other marked increases in the activity operators to extend and about the EEC's Common Agri-improve, helping in purchases cultural Policy and the ery. The result was a reduced net income of £15m, about £7m belaw 1976.

A continued increase in the overcome the consequent prob- size of the region's dairy herd. combined with a substantial rise in milk yields, led to milk sales from the farms in 1977 passsing 1bn litres for the first time. Milk production, like meat, bas lts problems and the Northern Ireland Department of Agriculture is spending about £12.5m a year to enable the Milk Market-

The snippets of conversation Farming expenses for 1978, become the first producer co- Department and commercial around the cattle pens at last when they are calculated, are operative in the province to bodies; will soon introduce With N. Ireland's traditional market-Britain-under attack from its EEC partners, agri- export marketing, culture is fighting hard to keep ahead in production, processing and marketing. The NI Agricultural Trust, which supple-

ments the autivities of the

incentives to help food companies take advantage of new opportunities in processing and It should help ensure that N. Ireland does not lose out in the race for its long-held markets.

Alan Watson



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The Republic has adjusted Its Green Pound rate to obtain the best advantage for its export trade. Thus, movements of Irish beef to the UK attract a high MCA (Monetary Compensation Amount) subsidy which is not paid on the inter-nal trade netween Northern Ireland and the rest of the UK.

Measures

As a result buyers in the Republic had been able to offer higher prices than their Northern Ireland counterparts and until special measures were adopted large numbers of cattle were taken south across the border - some legally and others hy smugglers. Subse-quently MCAs on cattle hetween North and South have been suspended and in order tn prntect seriously reduced the fleets jobs in N. Ireland's meat plants a special Meat Industry Employopportunities. Nevertheless the value of the total catch, includ-iog the large contribution from ment Scheme (MIES) is in operation, enabling plants in the province to pay competitive prices and thus maintain prawn fishing. mainlains its growth and reached £4.3m in 1977.

throughput and employment. During the 12 months to March bodies has developed around agriculture. The Livestock 3t last MIES cost £42m and is estimated to have preserved more than 3,500 jobs. agriculture. The Livestock Marketing Commission aims to improve meat products and their presentation to secure new markets. The setting up Northern Ireland's agricul-tural resources are scattered over a host of small individual enterprises. There are almost 32,000 farms with an average

by the Ulster Farmers' Union in co-operation with the comsize of 25 acres of crops and mission followed a lengthy investigation of the meat industry. The company has gruss. Their numbers are dwindling-by more than 13.000 since the start of the 1960s-

since the start of the 1960s— as the smaller uneconomic units have amalgamated with larger ones. As the farm numbers have fallen away the type of farming has grown increasingly specialised and gradually replaced the traditional mixed activity holdings activity holdings.

The industry employs about 20,000 workers in addition to 40.000 owners and wives. Another 19,000 work in the ancillary industries like processing and feed manufacture. Since 1971 working owners have dropped in number by 4 per cent and the total of full-time male workers by 40 per cent. The area's contribution to

feeding Britain's population is substantial. About 20 per cent of the bacon, 13 per cent of the fat cattle and 10 per cent of the eggs produced in the UK come from Northern Ireland. The total net worth of the

industry increased fourfold between 1968 and 1977, partly because of new investment, but primarily because of the appreciation of land, livestock and other assets. Bank advances and trade credit remain the two main external sources of short-term capital hut the most important snurce of investment at farm level has always been retained profits.

ducers much more dependent on the relurns the boards could get from the market. The NJ. Board cannot achieve as high a relurn as its counterparts across the water, parily because only about 20 per cent of Ulster milk goes to the higher price liquid market compared to 55 per cent in Britain, and partly because it has to accept lower returns from milk sold for both manufacture and the liquid market. The region's modest sea fish-ing fleet of 120 trawlers and 170 small boats, which sait

A large number of satellite

Ulster Farmers' Investments

for both private and company clients whether resident in Northern Ireland or elsewhere from the three main ports of Kilkeel, Portavogie and Ardglass on the east coast, have seen - in common with other European nations - the depietion of stocks of their traditional catches, mainly herring. Conservation measures have

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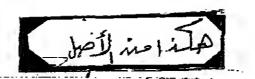
Milling

PROPERTY: A WORLDWIDE PERSPECTIVE

Jones Lang Woofflom

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General fall

in metal

Financial Times Wednesday June 13 1979

unpanies and Markets

COMMODITIES AND AGRICULTURE

Mine silver output rise forecast

NEW YORK - An locrease world mine silver production s year of 5 per cent over 78 Is forecast by the U.S. ver Institute.

ion Berger, senior consultant the institute, an association producers and users, told the up's annual meeting that 79 world silver mine producn was expected to rise to 1.88m troy ozs from last ir's 332.72m ozs.

lowever, he said a larger put gain of 18.3 per cent is ticipated belween 1979 and 2 with production reaching

Mr. Berger said Mexico, by 2. was expected to boost pro-stion to 77.3m ozs from 56.1m 3 year.

mine 2anadian mine output 779/82) is expected to edge anadian by 6m ozs to 46.0m and a tilar rate of increase is pro-ted for the U.S. at 47.4m ozs. fe reported a substantial n of almost 10m ozs last year use of silver for coin mintpnrposes, largely as a result the popularity of silver as an ation hedge mechanism in stern countries. More than n ozs of silver went into ns last year compared to 21m in 1977, according to the titute.

Bid to boost

Uganda's arm output

Inancial Times Reporter

ducts such as grain, milk and with total pig production now VAIROBI — The Uganda meat in order to strengthen remeat in order to strengthen re- expected to exceed, for the first 10 per cent. gional programmes in the south, time, 13m pigs. This is likely to lead to a could spell the end of the Con- But the institute said, decline in investment from the mon Agricultural Policy, the farmers' incomes and invest- very bigh levels of the past acting president of the agricul- ment would fall this year. While three years, when there has veroment is trying to perc after its disastrous period depression under Idi Amin. tural council (the Danish far-mers' union) Mr. Ejvind changed, costs would remain un-been an especially large increase mers' union) Mr. Ejvind changed, costs would rise as a in building of new pig houses, Madsen, told the semi-annual result of both domestic and said the report. Appeals are being made by anda Radio to farmers to ng their livestock and agri-tural industries back to meeting of council delegates. Danisb farmers in principle Agriculture is tradifavour the expansion of EEC nally Uganda's main source foreign exchange, with coffee | membership with Greece, Spain first place and cotton second, | and Portugal, but the CAP will and Portugal, but the CAP will be endangered if it is used as armers have been told that ential farm supplies such as erinary drugs, fertilisers, ed killers and farm chinery have been ordered an instrument of social policy. be said. He also opposed the Commisslon's proposals for giving in-come subsidies to poorer farl are on their way. It is lerstood that when aid lors have asked Uganda for mers on the same grounds.

ors have asked Uganda for priorities, farm supplies 'e been top of the list, tain, Kenya and the EEC are ong the principal donors so but the U.S. will not be behind. Output of livestock products leader. Edward direct meeting will rise by about 4 to 5 per central committee meeting yes erday. Committee meeting weather had brought s o.p per cent drop in milk production, According to official sources, smounting to 200m tonnes, in isaid DLG, the agriculture mort-behind.

Coffee market lower as frost fears ease

BY RICHARD MODNES

and a second state of the second state of the

COFFEE FUTURES prices fell back sharply on the London market yesterday. The Sept-ember quotation slipped to £1,\$10 s tonne at one stage before closing £32 lower on balance at £1,862.5 a tonne. Brazil's Sao Paulo coffee suction was balted last night with only 2,000 bags (60 kilos each) sold out of 50,000 on offer because of declining prices.

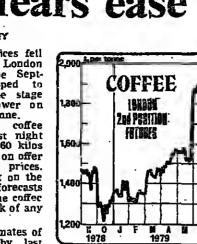
This encouraged selling on the London market as did forecasts of warner weather in the coffec growing regions and lack of any fresh " bullisb " news. Meanwhile trade estimates of

BY HILARY BARNES

arrongaments for northero pro-

the damage caused by last month's trost have been reduced. They now put losses from the 1980-31 crop at 5m to

5m bags against 8.5m estimated immediately after the frost. Up to 1m bags may have been lost from the current crop, they said. The Brazilian Coffee Insutute has still not issued an official estimate of the damage. The fall in prices also reflected heavy selling, believed to be on behalf of the Central



б 0 1978

market manipulation since last

loped. It was too early to say prices since the coup. whether this could bring frost

'Social' farm policy opposed

ANY EEC weakening of market port, with an increase of at external factors, such as oll arrongaments for northero pro- least 10 per cent for pigmeat, price increases. Net carnings

By Our Own Correspondent

expected to exceed, for the first 10 per cent. time, 13m pigs. This is likely to lead to a

Heat hits Polish farming

last Autumn which mean that tonnes of grain and 1.4m tonnes

Polish Plan targets for agricul- of high-protein feeds this year tural production are in danger compared with 8.4m tonnes of

of not being fulfilled, Polish grain and feed imports in 1978.

20,000 bags of coffee at its auction on the Sao Paulo commodity exchange yesterday, trade sources said.

The sources said the institute planned to raise the minimum price for the lots on offer by 200 cruzeiros per bag, bringing the minimum prices to between 3,200 and 3,300 cruzeiros.

This is the first time the IBC has changed the minimum prices since auctions started two weeks ago. Cocoa futures prices also fell

sharply in London yesterday mainly reflecting sterling strength. The September quota tion closed £85.5 lower at £1,656.5 a tonne.

The fall was also encouraged Sutumn, dealers sald. by Accra radio reports that In Rio de Janeiro the Brazil Ghana's new military admini-National Weather Department stration had denied it was Comforecast rising temperatures in munist-inclined or otherwise coffce growing States and ruled politically inspired. This out the chance of frost tonight, tended to ease fears that ship-Looking further ahead, depart-ment sources said much under the new administration. depended on bow the cold air These fears have been a signifimass in south Argentina deve- cant factor underpinning cocoa

would probably fail by sbout

Dealers believed Ghana had American producers' group into southern Brazil, they said, sold cocoa on to the London which has been involved in The IBC planned to offer market yesterday moroing.

markets By John Edwards. Commedities Editor PRICES OF base and precions metals fell back on London

markets yesterday as a result of speculative scling, and the strength of sterling following the Budget.

The rise in interest rates, announced by Sir Geoffrey Howe, Chancellor of the Exchequer. also helped widen the gap between cash and for-ward quotations reflecting the increased cost of carrying

stocks. The downtrend in copper and precious metals started in early trading following a early training following a decline in the New York markets overoight. The fall in copper was accelerated by further stop-loss selling when the three-months wirebars quotation went below £900 and the price closed £20 down at \$294.5

closed £20 down at £\$94.5 a tonne. Cash wirchars lost £22 to £881.

Olber metals were affected by the fail in copper. Cash tin declined by £87.5 to £7,377.5 a tonne, cash lead hy £13 to £665 and cash aluminium by £26.5 to £769.5 a tonne.

Silver followed the downtrend in gold. The London lowcred by 9.8p to 407.4p an ounce at the morning fixing and stronger sterling helped push values down further in later trading to just over 405p. Free market platinum was marked down hy £6.45 to £203.70 an ounce.

More nickel prices rises

By Our Commodities Staff WORLD NICKEL price in creases were announced yester-day by two more leading producers, Amax and Western Mining. As expected they are following the rise of 15 cents to \$3 a lb for nickel briquettes in line with the increase announced by International Nickel rather than the 35 cents WARSAW — The prolonged ing forecasts by 500,000 tonnes. heat-wave is the latest in a The Polish authorities had series of climatic setbacks since been planning to import 5.5m to \$3.20 a 1b Initiated by Le at the higher price level.

Amax nickel corrugates go up to \$2,97 a lb and ASP nickel to \$2,93. Western Mioing steelmaking nickel bas been put at \$2.94 to remain competitive and

World food security threatened-FAO

BY PHILIP BOWRING

of developing countries will could be expected for reach 94m tonnes in 1985, com- coffee, cocoa and hides. pared with 72m tonnes in 1977-1978, according to a study by the UN Food and Agriculture Organisation.

AGRICULTURAL TRADE

By 1985 cereal demand from By 1985 cereal demand from the developing countries would be S0 per cent up on the 1972-1974 index base level used by the FAO. The increase in the cereal deficit would be largely accounted for by the poorer developing countries

developing countries.

The study waroed of a "wor-sening food security situation" and said the rate of investment and said the rate of investment in agriculture was far from encouraging. External assis-tance for agriculture had increased but was still little over half targets set by the World Food Council.

However, the FAO study was not entirely pessimistic, at least for the better off developing countries. It forecast that exportable supplies of non-cereal agricultural products from developing nations would expand, finding rapidly growing markets in some other develop

ing countries. As a result, it said, developing countries check" the long-term decline in Demand for iropical products Tea: The meduim-term out-their share 6 world sgricultural by developed Western countries look is for re-emergence of trade-thougb overall agricul- would grow slowly, but problems of low prices particu-tural trade growth would be "dynamic growth" was larty for high-enst producers. slower than in the previous expected in demand from the Planning is meeded to try in decade.

The FAO paper, prepared for the recent meeting of Unctad, said production growth in the developed countries would slow as a result of Government policies and reduced scope for raising yields. It blamed farm support policies in the U.S. and Europe for the tendency of output of sugar, dairy and clirus products to rise faster than ings were named by London commercial demand. The pro-duction potential of lower-cost buyers as the main influence behind a sharp drop in pbysical producers was being hampered by the import policies of rubber prices yesteroay. developed countries.

Recent price gains evaporated Commodities where demand and spot rubber closed 2.75p a was tending to outstrip supply were rubber and fishery prokilo lower at 65p. There were more modest reductions in forducts, while in others such as bananos, coffee and wheat a ward quotations. The fitures "delicate balance" seemed to be market also followed the downward quotations. The futures emerging. trend, with the July position

Fastest' export growth was losing 1.175p, to close at 67.975p expected for rubber, cltrus and a kilo.

CEREAL IMPORT requirements oil cake. Relatively slow growth apportunity for future growth " of developing countries will could be expected for cotton, of about 5 per cent a year. reach 94m tonnes in 1985, com- coffee, cocoa and hides. Sugar: Demand by 1985 will

coffee, cocoa and hides. Trade in fats and oils would grow very rapidly under the impetus of developing country supply deficits, which were py 1985 over the 1977-78 production levels, but installed milling capacity was already sufficient to meet a 5m expected to rise by 200 per cent by 1985 over the 1972-4 index base used by the FAO. Import demand by those countries would also grow policies change there will be

- HORLD INA		CASTS TO		•		
		(1972-74 =	100)			
	Imp	port requirer	ments	Export ava	ailabilities	
	World	Developing	Developed	Developing	Developed	
		Countries	Countries	Countries	Countries	
Wheat	118	141	84	240	118	
Rice	135	140	115	137	141	
Coarse grains	156	334	121	107	7.06	:
Meat	129	271	102	127	125	1
Milk & Milk products	142	216	79		151	I.
Fats & Oils	165	300	116	220	122	
Oilcake & Meals	155	178	153	202	125	
Fishery products	145	155	142)93	726	
Sugar	115	178	92	122	134	'
Coffee	122	221	118	113		
Сосра	121	161	120	127		
Tea	137	187	113	137	_	
Bananas	125	183	121	129	103	
Natural rubber	158	198	149	157		1
Raw cotton	115	168	94	106	129	:

scope for exportrapidly for meat (170 per cent). "little said, developing countries milk products (115 per cent) oriented growth in developing should "reverse or at least and sugar (80 per cent), countries."

The trend to local processing roughly in balance.

would continue at a rapid rate. Tropical timber: Demand is On individual commodilies, expected to reach 120m cubic. the study's findings include: metres by next year and 160m Rubber provides" an uncommon by 1990.



AMERICAN MARKETS

to beef quota

LUXEMBOURG-Common Mar-ket Foreign Ministers yesterday agreed, subject to Ireland's final asent, on terms for letting high-quality "Hilton" beef from Australia into the Community.

M. Jean-Francois Deniau, the French Trade Minister, sald he was ready to approve the accord evcu though it gave Australia more than it had conceded, because of the political importance of better relations, diplomatic sources said.

RITISH COMMODITY MARKETS

	RITISH COMMODITY MARKETS					AMERICAN MARK	
	ASE METALS meding goldty in the rings forward	080090 90 1004 900 7040 80000 14	COCOA Cccns futuros moved limit down	nil). Flour Levise: Wheat Pr Mixed Wheet and Rys Flour: 134.85 (142.62). Rys Flour: 149.17 (149.17).	PRICE CHANGES	NEW YORK, June 12, Cocca-July 149.55 (153.55), Sept. 152.75 (156.75), Dec. 155.80, March 156.90, May 157.70, July 158.60, Sept.	201.5. Sent 201.5 bid. Nev. 201.4.
	OPPER-Sharphy lower on the sen Metal Exchange. The dewntum ivernight U.S. merkets saw (prword to C2,000 below or covering to close	low of £611. Turnever: 9,375 tonnes. Merring: cash 2001. 65, thise months	during the day due to austained tiquida. tien at long positiens by the Commis- sion Houses and closed marginally	RUBBER	In tennes unless otherwise slated.	Coffee-" C " Contract: July 125 08	42 25 140.82), Feb. 49.27, March 49.30, May 49.60, July 49.60, Aug. 48.50,
N	al open lower at £207 end (all back the late Ketb at £7,110, reflecting trade	Alternoon: three months £618, 15, 14,	obeve the day's lows, teperced Cill and Ouffus.	EASIER spening on the London physical market. Steadler throughput the day, closing slightly easier. Lowis	June 12 + or Month 1978 - zgo	(185,43), Sept. 189.15 (189.03), Oer: 167.04, March 186.35, May 166.92, July 186 50, Sept. 184.01	Seles: 7.024. 6hell Eggs-June 63 95 (57.25), July 56.50 (53.40), Aug. 57.00, Sept. 60.60,
	. However, a modest rally lair the tpnncs.		COCOA Close - Bosines	the day, closing slightly easier. Lewis and Peas reparted a Malaysian gedown price of 215 (328) cents a kito (buyer, June).	Ketals	Copper-June \$1.20 (81.70), July 51 45 (82.02), Aug. 81.70, Sept. 87.95 Oec. 82.80, Jen. 82.85, Merch 83.10,	Oci. 57 75, Nev. 61.50, Occ. 64.20, Sales: 46. Silver—Juna \$37 0 (852 0). July
	as on MR to 14 par contrange. thigh widening in the contange. TIN $Omigan = \frac{1}{2} + \frac{1}{2}$	C374 and edged up is £376 pner to closing the late Kerb at £371. Turnovet:	Joly 1655-1657 -60.5 1715-1651	No. I .Testeniay's' Previous Business R.S.S. Close Close Dese	Aluminium£710/50£720 Free Mktics: \$1560,600 ,-50.0 \$1,580/50	May 83.15, July 83.20, Sept. 83.25, Dec. 83.30, Jan. 83.30, March 83.30,	349 0 asked (860 0), Aug. 844.5, Ocr. 857.6 asled, Occ. 570 4 asked, Feb.
	PER (175:61 - 175:60	ZINC Official + or the liter	Sept		Cash w'bar. £881 -22 £948.25	be 70.64 90 March 15 45.65 70 March	882 S asked, April 694.1 Jakad, June 905 S asked, Aug. \$17 5 asked, Oct. 929.2 Jakad, Occ. \$41.0 asked, Feb.
	abers £ £ £ £ \$ Standard 7450.40 -2.5 7375.80 -87.5	2 2 2 2	July	Aug 66.50-86.70. 67.80-68.85 Jrsept 66.50-66.80; 60.20-58.35 68.75-66.75 Oct. Dec 68.85-68.70 70.25-70.30 71.20-68.60	Cash Cothode 12855 -20.5 2937.5 5 mth	e/ 51 askcd, Oct. 67.25 bid.	557 9 ssked, April 964.9 asked, June 577.0 asked, Aug. 989.2 asked, Ocr. 100.15 askad, Oec. 101.39 esked, Feb.
	B91.5.2 -187 880.5.1.5 -22 5 mnsths. 7150.40 -4.5 7100.1 -52 mails. 901.6.2 -20.5 894.5 -20 Settlem't 7440	3 months J 376.5 6 -3.75 373.5 -4.25	Sales: 3.503 (3,518) lets of 10 tennes. Internetienal Cocca Organisation (U.S. cents per paund): Oally prica	JED-3(3) 70.85-70.80 72.35-72.40 78.25-70.70 Apr. Jpc 72.80-72.85 74.15-74.25 74.50-72.80	3 mth	277.20 (282.60), Aug. 279.40, Oct. 283.90, Occ. 283.30, Feb. 292.70, Aeril 297.10, June 301.50, Aug. 305.90, Oct. 210.20, Occ. 285.30, Feb. 292.70, Aeril	102 64 atted. April 103.90 asked. \$Sayzbeans-July 750-761 (766%). Aug. 765-766 (773's), Seat. 768's 768.
	10des 851.2 -21.5 858.4 -20.6 Merring: Standard cash [7,400, 20, matha, 885.6 -19 876.8 -19 67.60 -19 67.50 60 50 60 50 60 50 60 50 60 50 60 50 60 50 60 50 60 50 60 50 60 50 50 50 50 50 50 50 50 50 50 50 50 50	Prim.west	June 11: 160.10 (159.51). Indicator prices for June 12: 15-day everage 157.90 (157.41): 22-day everage 155.31	Jr.Sept. 74.80-75.00 76,20-76,25 75,20-75.00 Oct-free 77.00-77.05 78,20-78,25 78,05-77.00 Jan-Mat 72.06-79.10 80.15-80.20, 80.10-79.00	Platin' mtr'y az £171	323.10. Orense Juice-July 97.10 198.20).	Nov. 767-765°- Jpn. 778-779, Maich 701. May 795'- 799, July 802'-
	"m, at 862 -22 St. 55, 60, 30, 40, 45, 40 Keib: Standard, Smt	Cash £366, three months £373, 73.5, 74, 73, 73.5. Keib: thied months £371.	COFFEE	Salect 728 (380) Bt 15 tennas. Physical clasing prices (buyer) were: Spoi 65p (67.76); July 69.50p (70.75); August 69.75p (70.75).	Frea mkt	96.75, March 97.10, May 97.80, July 98.40, Sect. 99.10, May 97.80, July	/205.20), Aup 205.50-5.70 1007.60], Sept. 203.50-7.00, Oct 207.50-5.00, Dec. 210.20-0.70, Jan 211.50, March
	27 100 7 190 7 110 . U. I. W. W.	Forward material traded at £790 at the	Londen eponed lower as heavy stop- loss selling and long liquidation	CONTAINT SOCAT	Tin cash	July 417.80 1427.80). Aug. nli, Oct. e18.80, Jan, 420.80, April 423.50, July	218 50-4 00, May 216.00, July 214.50, Soyahean Oil-July 26 50- 48 (26.881, Aun, 28 71 (27.031, Sent, 26.9085,
	Cathpdes, cash £862. Karb: Wire- selling a downtuin in Cepper and the	stop-lose selling which depressed the	depressed values by se much as £90-30 suring a heetic morning session, reports Orszel, Surnham, Lembert.		Tungsten	426.30, Oct. 429.00, Jan. 431.70, Potatoes (round whites1-Nev, 61 S (67.3), March 68 7 (70.0), May 88.5.	Oct 26 99, Den. 26.95, 90, Jan. 26.95, Merch 27,19-,15, May 27,20-,15, July 27 25, 22, Aug. 27 30,
	e moglins 1857, 17.5, 53, 52, 35,		Resction to an overseld market saw hoavy trade and rossible producer briging in the lattic part of the alternoon and values finally closed at		Producers \$845 \$800	TSilver-June 832.0 (857.0), July R40.0 (R07.0), Aug. 547.4, Sent, 854.R, Dec, 574.3, Jan. 880.0, Maich 891.7, May 903.5, July 915.3, Sopi, 927.1,	t/Vhost-bily 4071-4021, (4191-), Sent 410-411 (4734), Dec. 422-423, March 4021-429, May 4281-425, July
	93, 93, 94, Cathodes, cash 2853, 5: Winebais, thise months (896, 97, Cash	2 (2 2 2	the end of a very nervous and errate day 5-40 down from Monday.	Aug.141 129.20-29.5 -5.50 192.90-128.50 Ortoler	Oils Coconut (Phil. \$1.055 -5 \$1,120 Groundnut	Dec. 545.6, Jen. 951.6, March 963.4, Handy and Heiman spot 843.60	405 paked WVNNIPEG, Junn 12, §Rye—July 117 79 paked [123 70 saked], Oct.
	N-Under prozeure despite the Nett ment 05,5 - 05, 54-8	Spot	COFFEE Circe + or Business Done	April	Linssed Crude, £385	(8%9 50). Suger-No 11: July 8.35 (3.47), Seet 8.79 (8.89), Ori, 905, Jan, 9,50, Maich 9,50, May 10,03, July 10.22,	115 90 csked lic1.90 asked), Oec. 115 00 asked, May 115 50 asked, \$Barles
		Morning: three months £777, 76, 78, 79, 80, 79, 78, 77, 50, 79.5, 80, Kerb: three months £779.5, 79, 80, Allernoon:	Jn(T	Ssies: 124 (174) lets of 100 tonnes.	Seeds Copra Philip,	Tin - Spet 695,00-715.00 asked	94 49 195.101 Occ 91 90 bid. March 91 70 hid. May 91 60 hid \$0ets- hilv 34.30 bid (92 09 asked).
3	Index Limited 01-351 3466. Three-month Lead 614-621 Lamont Road, London, SW10 0HS.	three menths £774. 68, 70, 74, 73, 72, 70, 69, 70, 71, 72, 71, 70,3, 70, 58, 69, Korb: three menths £770, 71, 72,	September - 1861-64 -32.0 1880-1810 Norember - 1865-69 -32.5 1875-1815 Jaganery - 1871-78 -24.0 1879-1865	SUGAR LONGON HAILY PRICE (raw sugar): E103.60 (E102.00) a tenna cri lor May-	Grains Barley Futures £90.55 I=0.55 £87.8 Maize	(some). CHICAGO, June 12. Lard-Chicage loose 25.75 (25.30).	Cot 97 50 bid (94.80 asiled) Dec. 50 51 asiled. Match 89 00 asked, May 29 50 shied.
	 Tax-free trading on commodity folures. The commodity futures market for the small investor. 	7) 70.5. NICKEL-Dewn in estive trading with lorward metal failing from 15,220 st	Jierce	June snipmant, White sugar daily price was £108.50 (seme). The market opened around overnight	French No 5 Am £111.50 -0.5 ±111.5 Wheat	Live Cattle-June 70 70 (71.70), Aug.	8Flaveed-July 344 50 ested (348 50 hid) 0ct. 734 50 (397,90 hid), Nev. 777 E9 baked, Doc. 319,50, May 321.70
_		the outset to a day's low of £3.015 in the early alternoon below closing the	Sales: 12,879 (3,791) lots of 5 tonnes.	levels, but kees soling interest developed and buyers withdisw scale- down. Losses of seme 200 paints wara		June 71.35, Aug. 7P.10, Ect. 70.15, Sales, 31.856.	SWheat-SCWRS 13.5 per cent oro- tin content cil St. Lawrence 220.10
-	CORAL INDEX: Close 503-508	late Keib at £3,080. The decline in other merels coupled with persistent selling from one particular quarter	1CS mdicator prices for June 11 fU.S. cents per peund); Other Mild Arabicas 183.67 (184.33); Robustas ICA 1576	manufad by the clean when origon	eommodities : Cocos ship't £1,757 -60 £1,675.5 Eutore Sent £1,655 5 85 5 £1,663.5	Live Hone-June \$2.07 (41.94), July 40.87 (40.92), Aug. 38.32, Oct. 35.80, Occ. 37.20, Feb. 39.32, Aeril 38.65,	(same). All cents per peund cx-warcheuse unless otherwise stated. * S per troy
-	INSURANCE BASE RATES	promoted the initial decline while the filmness of storing caused the alter- eeen fall. Tumover: 512 tonnos.	100.00 (107.00). UNWUSINGS MINDICAS	Sugar	Cotton A'Index 76.1c	June 42.00, July 42.45, Solas, 7.549, * Mare - July 2721, [2731, [2731,] Sen: 7733, 2973, (2531,] Sen: 7733, 2973, (2531,] Sen: 7733, 2973, (2531,] Sen: 7733, 2973, [2531,] Sen: 7733, 2973, [2531,] Sen: 7545, [25	ounce. T Cents per 110y sunco. ti Cents per 55-16 hushel. † Cents cer 60-16 bushel [] S nor short ton
· .	t Property Growth 111%	NICKEL a.m + or p.m. + or Official - Unofficial -	185.00 (same). Comp. delly ICA 1968 182.53 (182.76). GRAINS	Con. Close Close Ilose	Rubber kilo 565p Sugor (Rawi	Plywood-July 1995 (132.0), Sept.	dozen. 1.000 sq lost. ‡ Cents per
	† Vanbrugh Guaranteed		LONDON FUTURES (GAFTA)	£ per tonne Aug 105.35-09.40 108.75-09.80 109.75-09.25 Oct 112.05-12.10 115.05-15.16 114.25-12.00	* Nominel. † New crop. ‡ Unqueted. p August. r July. s July-Aug. r June- July. v June. w Sept. y flov.	Tuesday's cl	osing prices
-		8 months 5130.6 -122 5020.50 -200	A line resistance was seen at 40p lower but in the attennoor session	Doc 116.00-16.20 119.80-17.00 118.10-18.15 March 121.00-21.16.121.50-22.00 122.65-21.25	z Indicator. § Buyer.	Coffee "C" Contract: July 185.43	002.80, June 307.30, Aug. 311.80, Oct. 315.39, Dec. 320.80, Ech. 325.20, April
		25, 40, 50, 40, 45, 40, 35, Kerb: three months £3,120, 25, 20, Alternoon: three	values based further to close 40.60p lower in reasonable volume. Barley opened 10p lower and country and commercial selling eased values to	Aug 127.40-27.56 128.15-38.25.28.50 Oct 120.50-51.25 181.50-82.06	S. African: Navels 4.30-5.60. Lemons-	Coffse-"C" Contract: luly 185.43 1186 87). Sect. 189.02 (190.32), Dec. 186 33, March 185.40, May 185.00, July 185.75, Sent. 183.25. Cottor-No. 2: July 57.75 (65.81).	
	The Energy Crisis	menths £2,100, 3,070, 80, 90, 80, 70, 60,50, 40, 30, 20, 15, 25, Kerb: three months £3,060, 80, 85, 80. [●] Conts per pound. \$ SM per picul. † On pievious unofficial close.	close 40-75p lower on the day, Acli separated.	The and tyle syneticsny ours lor	Italion: 100/120's 4.80-S.00; Soanis; Trays 30/40/45 1.80-2.20; S. African; 4.60-6.20; Brezilian; Trays 2.30-2.50.	Oct 66.77 165 951, Dec. 64.74, Mnrch 65 45, Mey 68 65, July 67.45, Oct, 67.00, "Gold—June 280.80 (287.501, July 282.60 (282.40), Aug. 284.60, Oct.	Dec. 994.3, Jan. 909.0, March 911.7, May 923.S. July 935.3, Sept. 947.1, Dec. 965.6, Jan. 971.6, March 953.4,
The second second	Impact on commodities	t On previous unofficial close.	Testeriay's + or 'Teste isy's + or	end £173.90 (£171.50) for export. International Sugar Agreement (U.S. ccess per pound fob and stowed	Applos S. Alucen: Gienny Smith 7.50- 7.80, White Winter Pearmain S.00, Starking 5.50-6.40, Golden Delicious	282,60 (282,40), Aug. (84,60, 001, 289,30, Dec. 293,90, Feb. 295,40, April	1848.001.
16°	Impact of commodities	Silver was lised 9.8e an ounce lower	M'oth close Nepr. 82.55 -0.23 86.65 -0.73 Nor 95.75 -0.60 90.55 -0.53	Caribboan port). Price for June 11: Oarly price 8.07 (7.86): 15-day average 7.45 (7.51)-	Treys 30/40/65 1.85-2.20; S. Africen; 4.80-6.20; 8rezilian; Traye 2.30-2.50; Grapolruft—S. Altican; 32/64 3.504.55; Applos—S. Alticen; Gienny Smith 7.50- 7.80; White Winter Pearmain S.00; Sterking 5.50-6.40; Golden Delicious 6.50-6.80; New Zesland; Cox's Orange Propone 7.50-8 50; Golden Oelicrous 5.20, Red Oelicrous 7.00; Tasmanian; Learchaes S.20, 50; Cox's Orange	EUROPEAN MARK	KETS
		Harket yesterdev at 407.4p. U.S. conf equivalents of the fiving lovale were soot 844.6c, down 17.6c; three-month 863.8c, down 180c; gur-month 881.2c.	Nor 95.75 -0.80 90.55 -0.55 Jan J 99.75 -0.45 94.35 -0.55 Nar 105.00 -0.40 97.65 -0.50 May 106.40 -0.45 101.00 -0.40	seller, businees, sales). July 106.50,	Propins 6.60-8.00, Goldan Oelicioua	Wheet: U.S. No. Two Dark Hard	U.S. •6(azil und Lakes und Argentine adost \$305.50, June 'July \$304.75, Pera- gury June July \$308, Uruguay June
		1 863.8c, down 18 0c; sir-monin 881.2c, down 17.1c; and 12-month 915.10c, down 16.2c. The motul opened at 4100- 411p [8692-551c; and closed at 403p-	Business done-Whest: Scot. 92 15- 92 39. Nov. 95 35-55-60. Jan. 100.29-	12:25, 13:25-12:75, 65; Nov. 114:59, 15:30, 15:25-15:00, 31; Feb. 121:50, 27:00, 23:00-22:60, 16; Anril 124:50, 25:00, 25:50, 10; Mar. 22:50, 29:00	2 00-4.50; W. Australian; Gianny Smith 7:0; Weshington; Red Ochciouc per box 8:00-10,00; Fiench: Goldan Dekcious 72's 2:30-2:50, 84's 2:20-2:30, jumbla peck, per cound 0:05-0.08; Iralian; Golden Oclicious per cound 0.05-0.03; Rome Seeuty 0.07; Dutch: Golden Oelicious jumble pack; 22 Ib 2:0:140 Senter Seeuty 0.07; Dutch:	U.S No. Two Red Winter Wicht: June S185, July S184 Aug. S185, Seet. S185, Ort. S188, U.S. No Two Northern	\$306.75; sellers tradeless. Sovamoel: U.S. allos: \$753 June
	Inter Commodities	404p [843c-845c]	99 50, March 103, 15-102, 35 May 106, 70- 106, 20, Salca: 204, Barkey, Sept. 57, 15-86, 60, Nov. 90, 59, 90, 50, Jan. 94, 63-94, 20, March 30, 95, 183, 85, May	22 00, 23 00-22 60, 16; April 124,97, 25,00, 25 50, 10; July 123 50, 23,00, 20 25,29 70, 22; Sept. 151,50, 33,00, nit, nil. Sales; 387,	tratian: Golden Oclicious per osund 0.05-0.03. Rome Seauty 0.07: Dutch:	Spring Whast 14 pci cent: June St. July S183, Aug. \$183,50, Sect. SiC Oct \$190.	\$253.50 July \$253.50 June.(Sept. \$253.50 Nov./Marei \$259, Brazil cellois alloct \$256, June \$256, July \$257.50, June/Sept. \$269.
	Timited	SILVEIL Dation + on L.M.E. + oc per fixing - close - troy oz. price	IMPORTED-Wheat: CWAS No. 1 1312	MEAT COMMISSION - Avorige tat-	Baurro 805C 7.00, Packhem's 8.20, Nata 6.80: Chilson: Winter Nelis 6.80	Meize: U.S. No. Three Corn Yellow oltoat \$137, June \$136, Juny \$138.50, Aug. \$139, Sept. \$139,50, July/Sept. \$138.75, Oct./Oec \$142.75, Jan./March	PARIS, June 12 Cocca (FF) per 100 kilos): July 1515- 1565, Sect. 1562-1666, Dec. 1586-1568,
	(A member of all UK Commodity Markets and the London Metal Exchange)	Spot	Soring No. 2, 14 per cent, Juna 97,	on June 12. G8 cattle 86.88p per kg.lw. (~0.74). UK sheso 174.9p per kg. est.	Victorian Josephines 8:00-8 FD		Merch 1590-1620, May 1595-1615, July
	likely to affect the supply, usage and price of the following raw	LIME-Turnovci 213 [117] lots of	U.S./FIERCA JUNE 311.50 JURY 111.00	strahove found 13.5 day cant automatic	Certons, Barlinka 4.60, New Cross 6.00, Emperor 4.70, Almerio 8.00; Israali: Periette 4.00; Cypriot; Cardinal per	Soyabeans: U.S. Two Yellow Guil- pens June \$312, July \$312.25, Aug. \$315, Sept. \$317 50, Det. \$313.50, Nov. \$312.25, Dec. \$318, Jan. \$320.25, Feb. \$322.75, March \$325.75, April \$328.50.	Sugar FF1 pos 100 k.lbs). July 970- 980, Aug. 985-386. Oct. 1025-1029, Nov. 1075-1020, Dec. 1052-1080, March 1033- 1088. May 1178-1110, July 1135-1140. Sates et cell, 3.
	Materials	10,000 ozs. Morning: inlee months	White, unquoted; South Ahican Yellow, June 78.00 nem, Barley: English Feed tob OctOsc. 83.00, transhipment East	down 15.9 per cant, everage orica	0/0/8's 3.00-4.00; Italian: 2.00-5.00.	May \$329,50, Biezil Yellow leq unq.	Sales et Coll, d.
1. A	Gold Silver and Lond Tin Rubber	7.8, 7.7, 7.6, Kr.9a, Threas months 417.5, 7.6, 7.7, 7.6, 7.5, Allenoen; Threa Months 418, 8.2, 5, 62, 63, 8,5, Korbs: Three months 416, 5.5, S, 4.8, 4.8, S,	HGCA-Location ex-larm spot prices, Food balley: NS England 95.00; Barks.	17.7 per cent, everage price 57.5p 1-1.7t. Scotland: Cattle numbers up a.2 per cent, everage price 89.17p (+1.05). Sheep numbers dewn 25.0	Aprication - Contraction - Contraction - Contraction - Contraction - Contraction - French: Per pound 0.30-0.35; Itslen: D.45-0.50. Avocados 	INDICES	DOW JONES
1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1		5,3, 6, 5.6, 6.	The UK monctary coefficient for the	per cent average price 179.4p (-13.8).	Durch: 2.40-3.30: Chilean: 4.50; Canary: 4.50; Istaeli: 3.50-4.00; Texan: 4.30; Spanich: 3.50; Tometoam-iarsay: Par	FINANCIAL TIMES	Dow June June Month Yaar Jones 12 11 ago ago
	Tex Inter Commodities Ltd., J Lloyds Avenue, London EC3N 4DS. Telephone, 01-48) 9827	WOOL FUTURES	levies and dictatums are chective for	SMITHFIELO (pence per lb]-Bosi: Scotch killed sides 65.0 to 69.0; Eirc 410 to 420.	450; Isiaeli: 3.60-4.00; Texan: 4.30; Spanish: 3.50, Temetoe—Jersey; Per Irsy 2.80-2.90; Dutch: 2.30-3.00; Gutnsey: 3.00-3.20, Cabbeges—Dutch; white net 5.00-5.30. Petatose—	June 12 June 11 Winth agr Your ogo	3pot
	Pierse send me copy/copies (Price £10 each) of your special report	buyer, vellor, business, sslesi, Micron Contract; July 589.0, 300.0, 300.2-359.0 39; Oct. 395.0, 396.0, 396.0, 395.5, o Occ. 397.0, 398.0, 326.0-397.5, 19; Mar-	previeus in brackets. All in units ef	N Z. PL 31 5 to 52.5. N.Z PM 51 0 to	White, net 5.00-5.30. Potatoes- Egyotean: 50 lb 3.00-4.00; Cypriol: 6.00; Jorsey: Por peund 0.12; Graek: 3.50; Italyan: 3.00-3.20; Spenish: Majorcae	293.82298.39 276.16 246.77 18 sam: July 1, 1057=100)	(Average 1924-25/26=108)
44	on the energy crisis.	Occ. 397.0, 398.0, 398.0-397 5, 19; Mat- 404.0, 405.5, 405.0-403.5, 12; May 405.0, 406.0, 406.5-406.0, 12; July 409.0, 411.0, nl, nl; Oct, 410.0, 413.0, nl, nl; Occ.		Pork: English under 100 lbs 345 to 44 0, 100-120 lbs 34.5 to 43.5, 120-	3.50-4.00; Israeli 4.00; Suttany: 4.40- 4.90. Copalcumt-Canery: 5 Lg 3.00- 3.70. Sevenet: 5 Lg 3.50; Outch: 5 Lg	MOODY'S	REUTERS
	Atkingss	\$12.0, 414.0, nil. nil. Seles: 69.	ni). Oets: 97.26 nil (97.24 nil).	COVENI GARDEN: Prices in starling	3 30-3.50. Carlots-Cypriot: 25 lb 3.50- 3.60: Italian: Applior. 22 lb 2.60-3.00; Tasan: Per pound 0.15: French: 12 kg	June 12 Juno 11 M nth age Year ago 1090.2 1087.5 1063.0 925.6	June 12 June 11 M'nth ago' Year ago 1629.5 1650.4 1565.1 1510.0
	Telephone No.	LONDON GREASY-Close (in hrdor buyer, sciter only), July 220.0, 30.0; Oct 220.0, 35.0; Orc 220.0, 40.0; March/Muy/July/Oct./Occ, 230.0, 40.0.	nit [6.92, nil). Millet: 82.77, nil [695, nil]. Grain Sorghum: 90.57, nil (90.57,	stated-tmported Freduce: Oranges- talogic: Valoncia Lates 4.40-5.50; Cypriot: 5.00-5.80; Brszthan: 4.40-5.50;	3 60 Asosracus-Californien; Per pound	(Docember 31, 1431=100)	(Base: September 13, 1931=166)
							4
-113		· .				•	
				-			

Companies and Markets

44

LONDON STOCK EXCHANGE

Budget measures bring divergent late trends to equities Gilts dismayed by unexpected sharp increase in MLR

Account Dealings Dates Option

*First Declara- Last Account *First Declara- Last Account Dealings tions Dealings Day June 4 June 14 June 15 June 26 June 18 June 28 June 29 July 10 July 2 July 12 July 13 July 24 Were time dealings may take endoring the small improve-June 18 June 28 June 29 July 10 July 2 July 12 July 13 July 24 "Now time" dealings may lake place from 9.30 am two business days

The slock market's immediate reactions to the Chancellor's budget proposals varied yesterday but the sharp increase of 2 per cent to 14 per cent in Minimum Londing Rate dismayed Giltedged operators and prices are expected to open substantially lower this morning as the market adjusts to the new interest rate structure. The weakness could be especially pronounced at the unlapped short end of the market which is unlikely to remain that way for long.

remain that way for long. Divergent Irends appeared among Oils where British Petroleum. down 2S at 1194p, reacted on fears that the Government will dispose of part of its large stake in the company, while Shell. 6 up at 370p, responded to the Chancellor's proposal that dividend restraint is not to be extended after July. Banks scored sizeable gains on expectations of higher base rates, while Breweries and Distillers showed relief in the absence of

Ľ	OND	ON	TR	ADE) (PTK	DNS	
		JU	ily	0	et.	Ja	n	:
Optien	Ex'rc'se price	Gteeing effer	Vei.	Clesing; effer	Vel.	Clesing	Vol.	Equity class
ap SP Com. Unien Cons. Geld Cons. Geld Cont. Geld Courtaulds Courtaulds Courtaulds Courtaulds Courtaulds Courtaulds CeC GEG GEG GEG GEG GEG GEG GEG GEG GEG GE	180 220 240 260 260 100 110 120 360 460 152 172 360 300 110 120	14 137 14 14 14 15 16 15 16 15 16 15 16 15 16 15 16 15 16 15 16 15 16 15 16 15 16 15 16 15 16 16 16 16 16 16 16 16 16 16 16 16 16	11007002001162 440 0 555346823567 140 0 555346823567 207	114 19 52 37 18 12 7 12 51 20 12 12 12 14 51 20 12 12 12 12 12 12 12 12 12 12	[] 1 67 100 S8 2 1 7137	170 100 22 7 42 29 19 15 10 7 72 40 29 19 17 40 24 19 14 19 14 51 54 54 54 54 54 54 54 54 54 54	156 1 0 0 0 0 0 0 0	1215p 150p 859p 380p 380p 570p 293p 116p 365p
		Augu	ter	Never	nber	Febr	ary	<u> </u>
80C Inti. Eosts EMI EMI EMI Imperial Gp RT2 RT2 RT2 Tatals	80 200 100 120 140 100 300 560	43 13 14 5 31 32 8	1 031936	512 19 17 10 5 43 17	12 50 10 10 10 10 10 38	8 24 27 16 9 58	1 103 1 1 1 14	77p 199p 103p 92p 311p

the squeeze on credit which also

unsctiled Hire Purchase issues. In pre-Budget trading, business Minimum Lending Rate, the major clearing banks moved up strongly in the late trade and ex-tended early "house" close im-provements of S to 18. Midland, rendering the small improve-ments and closed unchanged to 430p, and NatWest, 370p, both a shode casier on halance; dealended that much higher, while ings ceased at 3.30 pm and were Barclays rose 16 to 46Sp as did Lloyds, to 33Sp. Bank of Scotland not resamcd, unlike squities in which trade continued after the ended 11 to the good at 326p and National and Commercial finished 2¹/₂ better at 92¹/₂p. Hire Purchases softened in reaction Chancellor had sat down and the latter geoerally ended a net penny or so cheaper. The FT 30-sharc index closed with a loss to the new credit squeeze measures. Catiles Holdings of 2.5 at 501.4. dipped 24 to 34p and Wagon The proposed alteration in exchange control regulations in-Finance gave up 11 to 441p-duced sciling of investment cur- Among merebant banks, Hill

duced solling of investment cur- Among merebant banks, Hill rency and the premium, which Samuel hardened a penny to had risen sharply to 552 per 113p following the satisfactory cent ahead of the Chancellor's results and Hambros, with speech, reucled in husy trading anoual results due later this to close a net 1; points down month, firmed 2 more to 313p. at 50 per cent, after a day's low of 50 per cent. Yesterday's SE conversion factor was 0.8154 (0.S274).

The volume of husiness in Traded Options improved con-siderably, the Intal of contracts completed rising to 1.00S from the previous day's 516. Marks and Spencer were particularly lively, recording 177 deals, while duly increases. Slores slipped Consuldated Goldfields hack, however, on concero about also active with 166. were

hams 4 to \$6p. Raybeck, which earlier announced that the group is to sell and leaseback half of its Bourne and Hollingsworth site in Oxford Street for £17m. finished 4 off at 122p. Already dull on the chairman's remarks at the AGM regarding the company's dividend policy, Empirs fell further after the Budget and finished 16 off at 236p, while other casualties among mail-orders included Grattan Warehnuses, 8 down at 126p, and Freemans, 4 off at 164p. Profit-taking after recent strength which stemmed from bid hopes caused Mosa Bros to fall S to 287p, while Comet Radinvision gave up 7 to 142p.

The Budget proposals had annual results due later this the budget proposals have month, firmed 2 more to 313p. Insurancea moved erratically Electrical sector where the after hours and closed with no decided trend, Composites gener-restricted to a few pence either decided trend. Composites gener-ally eased with Royals 5 off at way. Among the leaders, 365p and Eagle Star 3 down at closed 3 firmer at 380p, but EMI. 152p, while Hambro, a thin 102p, and Plessey, 113p, gave up market, gained 10 to 665p among Life issues. Brewery and Distillery issues moved ahead in the late trading, sentiment being beloed by the to a fresh low for the year of a the pence, while Theorem closed 4 cheaper at 482p. Among second-ary issues, Decca A were note-worthy for a further fall of 7 sentiment being beloed by the to a fresh low for the year of

absence of any increase in excise duty. Allied, down the 893p at Engineering and stage on disappointment reasonably steady nutil the late with the results, rallien to close trading when prices tended a few a shade better on halance at pence lower. Elaewhere, news 92p. Bass finished 5 up at 217p that the hid discussions with and Gainness 3 firmer at 186p. Dobson Park had been ter-Distillary ware particularly good minimum and being the start of the start o Distillers were particularly good minated prompted weaknes in at 223p, up S. along with A. Mining Supplies which fell to Bell which rose 10 to 182p. 90p before rallying to close 7 off Building issues closed firmer on the day at 95p, in contrast, for choice and Blue Circle GEI International formed 3 to finished 4 dearer at 324p. Re- 92p on the increased dividend reved demand lifted Brown and and profits. Revived demand left Jackson 18 to 235p. while Bichardson Westgarth up 31 at Burnett and Hallamshire im-proved 11 to 393p; the latter's Northern Engineering 21 more annual results are due next to 1283p. Other firm spots in Wednesday. Speculative interest cluded Averys, 4 dearer at 278p. was shown in Travis and Arnold and Taylor Pallister, 3 higher at which put on 10 to 227p, while 105p. late inquiry lifted SGB 6 to Bud 278p. Awalting tomorrow's annual under **Budgat** implications left Foods

Deal-

1CI

ings

undecided. Rowntree Mackintosh eased 7 to 435p, but Cadbury results, William Leech bardened a penny to 10Sp, but recently firm Mallinson-Denny eased 2 Schweppes improved 1 to 64p. Early speculative demand in belated response to a broker's bullish circular lifted George Bassett 11 to 121p, after 125p, while revived bid hopes prompted a gain of 2 to 454p in Spillers. Somporter attracted attention and put on 6 to 83p, but Alpine Soft Drinks, annual results tomorrow, eased 3 to to 69p. A few pence firmer at one stage. ICI closed unchanged at

a late improvement of 4 at 230p and Carless Capel firmed 2 to 44p, while Coalic added a penny results tomorrow, eased 3 to

Stores fall

Stores ian Tha steeper-than-expected in-crease in VAT to a unified rate in Brewery shares, Grand Metro-politan added 4 to 142p. Ahead index's create brought widespread and sometimes sizeable of today's casino licences hearing, falls to the Stores sector. Gussies Ladoroke firmed 4 to 216p. Re-A closed 12 lower at 3SSp. Marks newed interest was shown in

ing director (buses) of LONDON

TRANSPORT a newly-created

post, from tomorrow. The appointment of Mr. Raymond H.

Allen to this position was reported nn February 17, but he.

was not able to take it up for

personal reasons. Mr. Thursfield

will also serve on the newly-created management Board for

London's ous services, headed by Dr. David Quarmhy, managing

Mr. David Richards

director (huses).

which closed narrowly mixed. appointing results prompted a reaction of 3 for a two-day loss of 18 to 310p in Metal Box, while Boots also cheapened 2, to 197p, aod Reed International relinquisbed 5 to 177p. Pilkington, annual results due on Friday. bardened 2 to 337p and Reckitt and Colman put on 3 to 476p. Elsewhere, continuing to draw strength from the good results and proposed 3-for-2 scrip issue. Triefus advanced 8 more to 165p. while Leadenhall Sterling bardened 10 to 210p and Sale Tilney improved 4 to 212p. Crosby Spring fell 4 to 30p on adverse Press comment, while

Similar falls were sustained hy Caplan Proble, "33p, Central Manufacturing and Trading, 69p, and Neil and Spencer, 308p. In Motors, Dowty came on offer and sbed 7 to 333p, while Lucas eased 4 to 283p and GEC Dunlop slipped a penny to T3p. Consideration of the annual results left Caffyns 2 cheaper at

The proposed 2 per cent hike in Minimum Lending Rate left Properties easier with Bridsh Land marked 4 lower to 70p. Land marked 4 lower to 10p. Town and City reacted 7 to 19p and MEPC shed 4 to 164p, but Great Portland Estates, annual results tomorrow, held at 300p. Bernard Sunley, 380p, and Cheslerfield, 470p, shed 10 apiece, while Slough Estates aread 2 to 110p

eased 3 to 110p. BP weaken

The Government's proposal to sell off a further part of its bold-ing in the company caused marked late weakness in British Petrolenm which fell away to end 28 lower at 1,184p. By way of contrast, Shell advanced 6 to 5500 on confirmation that dire 370p on confirmation that dividend restraint will he lifted after the end of July. Elsewhere, the increase of 10p on a gallon nf petrol was not unexpected and bad little effect oo other Oil share prices which closed narrowly mixed.

Trusts recorded scattered irregular movements while, in Financials, Fashion and General, a firm market of late on Press mention, reacted 4 to 171p. On the other band, Majedle continued to attract buyers and put

on 3 more to 93p. Shippings gave a little ground, with P and O Deferred closing 1 theaper at 97p. Little of interest occurred in the Textile sector but still un-

Banks good Anticipating an early rise in their base lending rates following the rise of 2 to 14 per cent in Minimum Lending Rate, the

The proposed increase of 6p Further consideration of the dis- on the price of a packet of appointing results prompted a cigarettes failed to unsettle reaction of 3 for a two-day loss Tobaccoz which were tonding harder in the late dealings. Bats firmed 2 to 282p and Imps put

n nieu 2 to 200 nie impo put on 13 to 93p. Rubbers succumbed to profit-taking. Sungei Krian dlpped 6 to 127p, while Castlefield, 355p, and London Sumatra, 315p, fell 5 aptece.

Golds lose ground

A fall of \$3.75 in the buillion price to S278.375 per ounce coupled with a decline in the investment currency premium prompted widespread losses in South African Golds. The Gold Mines index gave up 3.9 to 200.9 and the ex-premium index 5.7 to 163.8.

After heing marked down at After heing marken down at the outset, pricea eased further owing to renewed selling from all sources. Towards the close and in the after bours' trade Consideration of the annual results left Caffyns 2 cheaper at 114p. Assoclated Newspapers hardened 2 to 228p on the in-creased profits. The common to Buffels, Vaal Reefs The creased 2 per cent bike

and Western Holdings, at £10, £18; and £20 respectively. West Driefonteln also gave up to £27; in front of the better-

than-expected dividend which was not known during market hours In the medium and lower-

priced issues. East Driefontein preceded the lower-than-expected dividend declaartion with a fall of 11 to 869p.

South African Financials lost ground in ling with the Gold share market and the lower investment currency premium. General Mining gave up 15 at 605p, Anglo American and De Beers were both 4 cheaper at: 442p and 440p respectively, while Anglo-Vaal fell 4 to £134. In Coals Transvaal Consoliwhile Anglo-Vaal fell 2 to £133. In Coals Transval Consoli-dated Land dropped a half-point to £183 and "Amcoal" 13 to 93Tp. London Financials were marginally easier in line with UK equities. Gold Fields, 5 off at 258p, were notably weak reflecting the lower bullion price. price.

In an otherwise subdued Australian section Panconti-nental improved 13 to 750p following the change in relaxa-tion of Australia's domestic ownership rules for uranium

mining projects. Renewed profit taking left the Rundle oil sbale partners show-ing further beavy falls. Central Bank of Mor Bell Canada Dawes, (G. R.) ELECTRICALS (4) Decca Pacific lost 20 more to 680p and Southern Pacific 10 to 255p.

	12	. 11	a	7	2	- 5	sgo=	1		
Government Secs	72.85	78,86	72,60	78,16	72.91	72.60	- 70,7B	ł		
Fixed Interest	74.37	· 74,48	75.00	76.13	76,17	75.01	72.35			
Industrial	501.4	503.9	503,2	614,0	616.9	509.3	474.6	ŧ,		
Gold Mines	200,9	204.2	201,6	203.5	908,4	203.9	160.9			
Gold Mines/Ex-S pm)	163.8	169.5	164.7	165,7	169.5	167.4	105,6	E		
Ord. Elv. Yiold	5.88	5.84	6,84	5,75	6.71	5.77	6,58	F		
Earnings, Yld. % (full)	15.48	15.39	.16,39	16.08	15.04	-18.24	16,26	1		
PIE Ratio (net/ 1*)	8.27	8.32	8,32	8,49	8.61	8,40	8,23	Ŀ		
Total bargeins	13,583	17,722	16,883	16,796	15,911	15,864	i (Lin			
Equity turnsver £m.	! _	69.39	99.02	90,97	80,67	. 71,62	78.06	ľ		
Equity bargaine total	l. —	14,576	14,368	14,231	13,421	11.708	15 748.			
	10 em 504.3. 11 em 505.2. Nosn 504.0. 1 pm 504.0. 2 pm 503.4. 3 pm 503.2. 1.stest index 01-345 8025. *Nil=7.36.									
Besis 100 Gevt. Secs. 15/10/26. Fixed Int. 1928. Industris) Ord. 1/7/33. Geld Mines 12/9/56. Ex \$ premium Index started Juas. 1872, SE Activity July-Osc. 1942.										
HIGHS AND LOWS S.E. ACTIVITY										
1979 (Since Compliat'n										
High 1	Low	İligh	Low			June 12	June 11	F.		
				- Del	lity 7		· · · ·	\$		

Financial Times Wednesday June 13 1979

FINANCIAL TIMES STOCK INDICES

			·			June	JUNE
	High	Low	High	Low		12	11
Govt. Sacs-	75.91 (4/5t	64.64 18/2t	187.4 (8/1/86)	49.12 (6/1176)	Daily Gilt Edged Industrials		116.7 147.9
Fixed Int	77.76 15/8)	66.03 (16/2)	150.4	50.53 6/1/75)	Speculative. Totals		36.4
tnd.Ord	55 2.6 14/5/	446.1 12/2)	558.6 (4:5/79);	49.4 (28/8.48)			
Geld Mines	208,4 5/51	129.9 (17:4)	449.3 122/5/761	45.5	6-d'y Av'r'ge Glit Edged Industrials		
Gold Minss (Ex-\$ pm(96.2 (2/11)	1 337:1 (6/4/74)	64.3 (25,8/76)	Speculative. Totals		38,8
		-					

Second look at Raglan

bs made during 1979 in light of cont copper.

Falconbridge Nickel's 88 per any ebanges in the nickel-cent-owned New Onebee Ragian marketing situation." Mines is to take another look at Ragian ore reserves are put the possibilities of its good grade at some 16m tons grading 2.58 nickel-copper prospect in the per cent nickel and 0.71 per cent the possibilities of its good grade nickel-copper prospect in the Ungava region of Quebec, about 1,100 miles north of Montreal. copper contained in a number of deposits. One of these, the Donaldson Mine, has been reports John Soganich from Toronto. The company says: "The depressed atate of world pricea-

explored underground and bas a sbaft down to 924 feet with four levels open. "Well assured reserves" at Donaldson are estimated at 3m tons averaging and demand for nickel has begun to moderate. A review of previous feasibility studies will 3.06 per cent nickel and 0.73 per

NEW HIGHS AND LOWS FOR 1979

B.H. Prop.

London Unite

The following securities quoted in Share , information Service voster attained new Highs and Lows for 1879

NEW HIGHS (23) Highland Distilieries BUILDINGS (2) Surpett Hallam STORES (11 ELECTRICALS (1) Farnell El Farnell Electronics ENGINEERING (4) A.C.E. Machinery Firth (G. M.) Averys FOODS 121

Creacent Japas Challenge Corp. Jardine Japan Socz Finabce Scottish Western B MINES (31 Conzinc_Riotinto Sabina FOODS 121 Mext Trade Suppirs. Somoortex INDUSTRIALS (8) Berwick Timpo Leadenhall Sterling Caravans Inti. Sale Tilley French (Thos.I Sangers Group Holden IA.) Trichus MOTORS (1) Conzine Riotinto

RISES AND FALLS PROPERTY (2) County & Distric Carriegton Inv. County TEXTILES [1] Mackay [Hugh)

ct	British Funds	Uo	Down 18
	Con, Dom. and Foreign Bonds	2	10 2
•	Industrials Financial and Prop.	210 81	203
	Oile Plantation	22	10
	Others	25	81 66

Tavener Rutledge

Saga Helidays TEXTILES (1)

FOODS (1)

LEISURE (TI

TRUSTS (S)

YESTERDAY

339 494 1,589

ч.

INSURANCE (1

FT-ACTUARIES SHARE INDICES

Lyon & Lyon

Sir Gerald Thorley joins

OPTIONS DEALING DATES Last Last For ings

EALING DATES Fields, Rossgill Holdings, Bri-Last Last For tannia Arrow, W. E. Norton, Deal- Declara- Settle- Movitex, National Carbonising. tion ment Assoclated Tooling, Barker and

low 882

311

250

10pn

5581 346

88 100

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

NEW LOWS (26)

AMERICANS (1)

CANADIANS (3)

Board of Fitch Lovell

Sir Gerald Thorley has been appointed a non-executive direc-tor of the Board of FITCH LOVELL. He to chairman of MEPC and if Bruish Sugar Corporation and holds a number of other directorships.

APPOINTMENTS

Mr. Frank Havhorsi has been elected president of the INSTI-TUTE OF COST AND MAN-AGEMENT ACCOUNTANTS for 1979-S0. Mr. William Hyde and Mr. Au-tin Callaghan have become vice-presidents.

Mr. Man Edls bas been appointed director, AUSTIN MORFIS KD operations, KD (Knocked Down) is the opera-tion responsible for packing and shipping parily-built cars to overseas markets for final assembly by local labour. Mr. Edge was formerly business and product planning director for Jaguar Boyer Triumpa, which included responsibility for direction and development of the BL

Molorsport programme. The KD operation last year packed and exported 157,518 cars, of which 79 per cent were Austin Morris models.

Mr. S. J. Cockhurn has been has been with the bank since appointed a director of September, 1972 and co-ordinates CHARLES CLIFFORD INDUS- its lending to construction and

CHARLES CLIFFORD INDUS-TRIES. Clifford Information and Construction and C executive capacity and will be a deputy chairman of the bank.

Mr. Michael Mnntague has heen appointed chairman nf PHOENIN MINING AND FINANCE in succession to Mr. B. S. Cleminson, who remains a director. Mr. D. Campbell Wood joins the board and Mr. Fraser Bird has retired.

Mr. R. J. Laker has been apprinted managing director of M & G ASSURANCE GROUP. Mr. C. R. H. Harris has become a director of Transatlantic & General Sccurities Company.

* sccretarial manager, will become appointed general manager of MOTOROLA'S European MOS production centre at East Kil-bride. Scotland. He joined the eompany in 1967 after starting the first bl-polar digital device production for Motorola in Tourouse in 1970. Mr. Lassus first became digital products manager, and later. European operations manager for linear products.

whereations manager for linear products. * tor, said yesterday that Road-breactions in the solution of the so



Sir Gerahl Thurley special industries group of the CONTINENTAL ULLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO. Mr. Phillips, who is based in London.

GROUP from July 1. On his joined the bank in September, retircment as director general of 1974, and is a relationship the Takcover Panel, Mr. Mac manager for multinational comdonald will be returning to Hill panies headquartered in the UK. Samuel and Co. in a full-time Lord Lucas of Chilworth bas

joined the Board of ENRAY LEASING, part of the Emray Group.

Mr. Nell Munro has been appointed chairman of KEITH PROWSE HOLDINGS. Mr. M. G. D. Graham, Mr. J. D. Allatt. Mr. P. M. Gillham and Mr. P. B. Haughton have been elected to the Board.

Mr. H. A. Slammers, assistant general manager of ROYAL INSURANCE. Is to relinquish his position as secretary from July I. Mr. P. S. Ellacott, group secretarial manager, will become Richards was chairman of the London and District Society of Chartered Acconatants in 1969-

May 30 Jun. 11 Aug. 23 Sep. 4 Jnn. 12 Jun. 25 Sep. 6 Sep. 18 Jun. 26 July 9 Sep. 20 Oct. 2 For rate indications see end of For rate indication Service For content of the second
Share Information Service was arranged in Ladbroke, while Money was given for the call double options were transacted of Burmah Oil, Premier Con- in Tesco, Sears, Burmah Oil and solidated, Consolidated Gold Burton Warrants. **ACTIVE STOCKS** No. Denomina- of Closing Change 1979 Stock tion marks price (p) on day £1 12 1194 -28 bigh 1246£1 GEC 25p BATs Defd. 25p Grnd. Met. 'New' Nii/pd. Beecham 25p ICI 456 337 10 380 260 123pm + 4 562 - 1 121pm 755 415 8 368 370 Shell Transport 25p 402 134 268 102 185 114 680 122 144

Mr. David Richards has heen Burmah Oil f1 Cons. Gold Fields 25p 132 259 92 148 95 elected president of the INSTI-TUTE OF CHARTERED ACCOUNTANTS IN ENGLAND Allied Brewerles 25p Commercial Union 25p Mining Supplies 10p AND WALES for 1979-S0. He will op president during the celebrations to mark the firsti-814 - 1 ute's Centenary in May, 1980, Mr. Richard Wilkes bas become 102 deputy president and Mr. Harry **RECENT ISSUES** Singer, vice-president. Mr. Richards is a partner in Deloitte

EOUITIES

Haskins and Sells, London. He was elected to the Council of the	EQUITIES
Institute in 1970 and for the past year has been chairman of the Public Relations and Communi-	
	60 F.P.; 11.7 91 7812 B ± Q (Retail) 6p

FIXED INTEREST STOCKS

Price P	Am uni Pald up Latest Renune Date	1879 H 2h Low	Stock	+ or
20p 100 100 100 100 98	F.P	2pm 1pm 12 113 12 113 11212 108	How'rd Wyndh'm 9% Cnv. Cum. Red. Prf. 12 [Kwik-Fit (Tyres: 9% Cnv. Ln, 1279/85	n

"RIGHTS" OFFERS

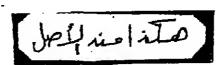
Issue 5 Renunc. 1979 Price 5 Date Stock	+ or
p: <ĕĔ ● BE High Low	i
261: F.P. 14 3 8:6 3512 3012 Davis & Metcalfe A 32	
85 F.P. 86 67 51pm 40pm Edwards (Louis G.) 61	
195 Nil 121am 10nm Grand Metmoolitan 1191am	1.1.7.0
12 F.P.: 1:5 29:5 1512 14 Hampton Trust	1
154 Nil 22/6 27:7 17pm 16pm MEPC	
All NIL	
50 F.P. — — 4312 29 Provincial Laundries	
114 F.P., 1.6, 29/6 126 114 Puliman (R. & J.)	L-1 1
	1
115 F.P. 11/6 2/7 136 150 Scot. Met. Prop. 130 286 Nil 15/6 27/7 30 14 Pm Simon Engineering 14 Pm	
20 F.P. 27/4 15/6 32 27 Single Holdings	·
160 NII 16;6 13;7 Gom 10m Smuttit (Jefferson	-1
463 [F.P.] 4/6 6/7 607 482 Standard Ghartered Bank	+6
138 NI 12/6 9/7 7cm 112pm Tilling (Thomas)	
93 F.P. 7/6 13/7 1064 100 UDS	+2
20 NI 12/6 13/7.51gpm 21gpm Weeks Associates	1, + 12

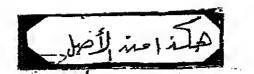
Renuncietion date usualty lest day ler dealing free of stamp duty. b Figures
teed on ercepectus estimate. a Assumed dividend and vield. " Ferecast
vidend: Gever based on previous year's comings. F Elvidend and yield based prespectus or other official estimates for 1979. Q Greee, T Figures assumed,
Cover ellows for conversion of shores not new ranking lor dividend or ranking
nly for restricted dividends. § Plecing price to public. p‡ Pence unless etherwise
ndicated. " lecued by lender. [Offered to holders et erdinary sheres es o rights." •• lecued by way et capitalisation. §5 Reintroduced. 11 Isoued in
onnection with reorgonisation, merger of takeover. 🔠 introduction. 🛄 issued to
rmer prelarence helders. Alletment lenara (er jully-peid). O Provisionat en 1719-paid alletment tettere. & With werrants, it Unlisted security, it lanuad
units comprising 2 theore share and 10 Capital shares of 125p per unit.

and the factory of Actuaries														
	EQUITY GR	OUPS									FrL, June 8	Thurs., June 7	Wed., June 6	Year ago (approx.)
Figo	& SUB-SECT res in parentheses st stocks per sec	how mumb	er of	Index No.	Day Chang %		5% %	Gross Div. Vield % (ACT at 33%)	Est. P/E Ratio (Net)	Index No.	Lodex No.	Index No.	Index No.	index No.
1	CAPITAL GOODS (1			262.01	+0.1			5.35	8.05	261.31	263.45	267.22	268.09	215.67
2	Building Materials (2	7)		247.34	+0.3			5.62 5.41	8.21 5.60	246.51 400.35	248.96	403.94	251.39	189.39
3	Contracting, Construct Electricals (14)			400.01 616.69	+0			3.10	10.89	614.17	617.37	635.32	641.87	459.36
5.	Engineering Contract	ors (12)		387.43	+0.			6.25	6.84	386.38	393.38	394.48	394.98	319.63
6	Mechanical Engineeri	Ing (75)	-	197.54	-0.3			5.88	7.76	198.03	196.85	200.73	200.78	176.29
8	Metals and Metal For CONSUMER GOOD			178.91	83	3 18.0	5	8.71	6.95	179.53	120.27	181.59	181.89	163,01
n	(9 URABLE) (52)			242.62	-0.3	1 14.4	s {	4.50	.9.17	242.94	244.58	207.11	248.56	199.50
12	Lt. Electronics, Radio	, TV (16).		329.72	+0.			3.23	12.56	329.25	332.53	334.86	336.73	233.22
13	Household Goods (12			171.49	-0.			6.92	8.22	171.74	173.69	173.95	175.01	100.07
14	Motors and Distributo CONSUMER GOODS	S		124.82	-0.3	1 100	2	6.79.	5.82	125.75	ינשנ	. 128.05	140.67	10.96
21	(NON-DURABLE) (1	71)		243.72	0.3			5.56	8.40	244.53	245.01	248.58	249.35	203.04
22	Breweries (14)			278.67	+1.2			5.58	9.05	275.27	279.45	284.69.	285.90	238.18
23 24	Wines and Spirits (6) Entertainment, Cater	ine (17)	· ····	316.31	+3			4.73	9.81 9.05	304.92	305.45	310.29	311.97	258.25
25	Food Manufacturing (19)	******	275 43	+1:			5.06	7.09	225.36	227.49	229.19	228.14	198.56
26	Food Retailing (15)			302 71	.+8.	4 10.9		3.99	32.06	301.41	302.95	304.94	305.35	203.30
32	Newspapers, Publisht	not121		445 63	+8.			5.81	6.79	445.11	448.65	453.36	454.24	381.27
33 34	Packaging and Paper Stores (41)			138.54 245.10	1			8.05	6.32	149.04	249.99	253.27	144.55 254.03	135.92
35	Textiles(23)			176 37	-0			8.90	6.51	177.25	177.53	179.15	180.36	181.78
36	Tohaccos (3)			243 88	+14			8.44	4.93	241.51	240.03	248.15	250.09	252.39
37	Toys and Games (61 GTHER GROUPS (99			79.37		28.5		8.56	4.21	79.37	79.02	. 78.86	77.46	. 198.91
41 42	Chemicals (18)	9)		213.86	0.	2 14.8		5.99	8.36	214.31	215.42	217.83	218.44	199.70
43	Pharmaceutical Prod	ucts (7)	. 1	231 31	+0			4.93	10.48	231.16	230.82	233.67	235.58	258.16
44	Office Equipment (6)		- 1	720 44	_0'	1 16.0		6.41	7.88	128.20	128.01	128.71	129.64	134,38
45	Shipping (10)			484.16	-0.			6.42	13.89	487.00	409.52	498.47	493.03	432.72
46	Shipping (10)	P(894)		254.64				5.82	8.64	265.75	257.48	23.3	251.19	205.17
51	Oils(6)	1 (474)		667.03	-0.			329	8.99	670.26	681.33	696.75	695.51	488.69
59	500 SHARE INDEX.			282.40				5.14	8.45	283.07	284.86	289.14	289.82	235.02
61	500 SHARE INDEX. FINANCIAL GROUP	(115)		198.36		0 -		5.32	_	196.44	197.57	199.69	201.98	165.61
62	Banksl6) Discount Houses (101			247.25	+4.		4	4.91	· 4.80	237.14	237.59	240.59	244 43	191.36
63 64	Nine Purchase (5)			248.53 182.74	+0.			7.71 4.94	7.08	296.26	248.46	249.09	243.41	213.92
65	Insurance (Life) (10)			361 45	+0.			6.58	-	168.51	161.79	164.10	165.06	137.02
66	Insurance (Composite	e) (8)		129.05	-0.	2 –		7.31	-	129.35	131.63	133.46	136.49	127.19
67 49	(nsurance Brokers (1) Merchant Banks (14)	UL		287.19	+0.		2	6.67	8.19	285.53	287.52		293.82	332.46
68 69	Descents (42)			247 67	+9. -1		7	5.21 2.62	49.91	351.57	102.78	102.85	355.23	81.06 233.35
70	Miscellaneous (10)			124.54	-0			7.48	8.52	125.23	126.36	126.53	126.58	
71	Miscellaneous (10) Investment Trusts (1)	1)		222.10	+0	1		5.19		221.87	223.0	224.34	225.78	212.6
81	Mining Finance (4)			137.36	0.			5.73	8.36	138.24	138.89	139.25	139.31	
	91 Overseas Traders (20)			378.67	6.	7 153	2	6.84	8.40	372.86	374.40		367.41	
				459.19				5.22		12921	1 2013/	2434	1 440-11	217.01
FIXED INTEREST														
	FIXED INT		e .		ł	ru	YIEL			Tues., June	Mon.,	Year		
				-49162	2			Br. (Gross Red	L].	12 J	June 11	(approx.)
							L		·		·			· · · ·
	•	Tues.,	Day	s mat	ade 1	xd adi.	1	Low	· · ·	5 years.		9.85	7.86	849
1	British Government	June 12	chang		WY	1979	·2 3		_	15 years. 25 years.		14.80	10.90	第四日
		<u> </u>	%			to date		l' I Mandun	_	E page 1		11.60		21.65

FIXED INTEREST PRICE INDICES						YHELDS Br. Covt. Ar. Gross Red.					une. 12	June 11	190 (approx.)	
1	Britisk Government	Tues., June 12	Day's change %	xol adij. today	xd adj. 1979 19 date	1 .2 3	Low Coupons	15 25	years years years		9.85 4.39 1.28	9.86 10.30 11.27	8.67 10.79 11.45	
1 2	Under 5 years	106.02 118.04	0.04	-	4.36	4 5 6	Medium Coupons	i 15	years	1	1.64 2.05 2.13	11.61 12.94 12.12	21.40 11.97 12.17	
3 4.	Over 15 yours	124.65 131.98		-	5.52	7 8 9	iligin Coupoes	- 15	years years years	1	1.88 2.39 2.40	11.55 12.39 12.39	11.36 12.58 12.97	
5	All stocks	315.46	-6.02		4.95	10	Irredeem				111	11.11		
				Tues_Ju Index No.	1	ion. une 11	Fri. Juns a	Thurs. June 7	Wed- June 2	Tues June 5	Mon Juna 4		Year ago (approx)	
15					+12.47 8	9.5	7 59.71	59.66	60.19	60.28	60.8	8 60.5	0 67.29	
16					13.64 5	1.76	61.78	61.82	62.37	62.41	61.4		1 i	
17	Coml. and Ind	l. Prefs	(30)	72.89	12.22 7	3.04	73.43	73.43	73.80	73,90	73.01			

t Redemption yield. Highs and lows record, base dates and volues and constituent turday issues. A list of the constituents is available from the Publishers, the Financ anon Street, London, EC4P, 48Y, price 13p, by post 22p.





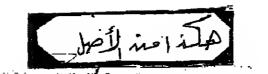
Financial Times Wednesday June 13 1979

Financial Times Wednesday	June 13 1979				
AUTHORI Unit tru	STS	EC4. 01-6231050 Hobern Bars, EC1N 2HH. 01-40 2 44.2 - 571 Prutenial	453 Am. Exempt 22.0 23.2	Tower Unit Trust Magt. Ltd. 39/45 Finsbury Square, EC2A JPX 07-628 2294 Income & Grawth	OFFSHORE AND Overseas funds
yy Unit Tst. Magrs. (a) Friends" 1. Gatriause Rd. Ayteshury 0296 5941 Pistem Ew (Gilt Int. Tst	Providt. Unit Tre Mers.	Normalize Ltd. The Speck Exchange, EC2N 1HP. D1-60 9 52.51	238 Entra Intra 100-110 231 232 232 232 232 232 232 233	Transfes Union Unit Tst. Hanagers♥ 100, Wood Street, E.C.2. 01-628 8011 TUUI Jane 1	Alexander Fund 37. ne Nete-Dame, Luxembourg. Alexander Fund
i Narvey & Ross Unit Tst. Magrs. Grossinc.3 mmill Landon COSV 3PB. 03-623 6314, Hop Yildd. Hit & Prtf		Managers (2)(0) Sectore T. Inc	Secial St. 12	Bartiken der 7	1 Charling Cress, St. Heller, Joy, C., T. 0534-73741 Keyter IUlimann Ltd. 01-606 7077 AHR Glii Edg, Fa
and Finnets Dr. Acc	Lun. 111 1377 -0.1 277 31, St. Angrew Square (Lun. 1113 1327 -0.1 823) (seen 1293 1375 -1.2 3.00 (ncome Jone 6 (seen 76.9 81.3 +0.4 233) (Accume Units) 27 Suen 76.9 81.4 +0.4 233) (Accume Units) 27 Suen 76.9 81.4 +0.4 +0.4 +0.4 +0.4 +0.4 +0.4 +0.4 +0	Administration Control	Control Intel 2130 2071 141 268 5942 Control Intel 2130 2071 141 268 5942 Control Intel 2026 3442 141 730 144 General Arres 2026 3442 145 730 255 Control Intel 2021 1152 3422 143 730 255 Control Intel 2021 1133 1152 1153 119 255 Control Intel 2011 2014 119 119 119 140 Control Intel 2017 1133 119<	(2008) United - 25'5'	Austratian Selection Fund NV Gill Find. Guerrsch1867 53700
e Funds ficid Fd	Trust (a) (g) (0277) 227300 (16787 Units 5. EL. 15 Read, Resetwood. (0277) 227300 (16787 Units - 15 1670 U	P 3HH. 01-623 4200 1 527d 475 Rowan Unit Trust Mingt. Ltd. (a) 6 743 475 City Gats Hise, Findury Sc., EC2 01-60 14 1359 240 American June 7	For tal exerce must solu		Bank of America International S.A. 355 Bodeward Royal, Lavembourn G.D. Wildness: Incorner
Fund	Are, EC3A 88PJ. 01-623 6114 National Westminst by 01-623 5756/5805 Am -0.11 0.36 161, Cheepside, EC2V 6 (acc) 25 56/5805 Am -0.11 0.37 Capital Accam	Call Old-606 6600 Offician Units Diff Grad 10. 6.79.1ml	3.67 Sebag Unit Tit. Masagers Ltd. 9 (2) 90 Box 511, Bokiny, Hoe, E.G.4. 01.236 5000 Sebag Dapits fd	Laconn, Units) 207.8 218.2 4.13 Dienne, June 6 272.2 128.4 8.05 Jaconn, Units) 1200.6 129.0 8.05 Int. Earne June 6 272.4 8.05 6.05 Jaconn, Units) 120.0 129.0 8.05 Jaconn, Units) 131.4 762.2 5.31 Pref. Jane 6 102.6 115.2 13.10 Accura, Units) 102.6 115.2 13.10	Barclays Unicorn International P.O. Box 195, St. Hellier, Jersey. 0534 2756
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FINANCIAL TIMES

Wednesday June 13 1979

Companies House Searches? Extel are Experi EXTEL STATISTICAL SERVICES LTD 37/45 PAUL ST. LONDON EC24 478 Tel: 01-263 3400 Telex: 263437

Sterling strong; Gold falls $\$3\frac{3}{4}$

 STERLING rose to its hest level for over three years against many major, currencles. and its trade-weighted index rose to 68.0 from 57.4, its highest since March 1976. The sharp risc in MLR triggered heavy demand for sterling and it closed 2.27 cents up at \$2.0915, its highest close against the dollar since April 10.

• GOLD fell \$3] to \$278] in London, and the price for dom-estic delivery of krugerrands fcll from £1453 to £139 on the announcement that UK import controls would be abolished.

• EQUITIES drifted lower and the FT ordinary share index closed 2.5 down at 501.4. GILTS traded slowly before the Chan-cellor's announcements as institutional investors held off. and the Government Securities index was unchanged at 72.85.

• WALL STREET was up 10.57 at \$48.15 in heavy trading just before the close.

NEWS SUMMARY Birmingham suffers new post blast

A letter bomb exploded at Birmingham's central postal sorting office hours after it reopened following three similar blasts on Friday. Six people were taken to hospital suffering from shock.

From snock. Police will spend two days searching the building again. The first search vielded two unexploded letter bombs and dclayed more than 1m letters and 150,000 parcels.

Thorpe trial

Peter Taylor. QC, ended bis clos-ing speech for the Crown at the Jeremy Thorpe trial at the Old Bailey. The former Liberal leader and three other men have denied consplring to murder ex-malc model Norman

Managua attack

Engineers stand firm on claim BY ALAN PIKE, LABOUR CORRESPONDENT

THE engineering industry faces Yesterday the AUEW executive almost certain industrial action supported a motion which would following refusal by the Amal-gamated Union of Engineering have enabled them to return to the employers and make another effort to reach agreement Workers national committee yesterday to compromise on a on these points. wide-ranging pay and conditions However, by a 27-25, vote the committee carried an amend-

claim. The possibility of a negotiated settlement is now remote tiators to go back and renew deand a national overtime ban and series of one-day strikes are likely.

In negotiations last week, the Engineering Employers' Federa- this year with further reductioo offered a new minimum craft rate of £68 per week in response to a union claim for like other employers, bas firmly £80. Union leaders indicated resisted—two days extra boli- craft rate from the state that they might be prepared to day this year and a common, now seeking to £100. accept £70 if agreement could backdated implementation date Mr. Terry Duffy, p be reached on when the new of April for the new agree-rates would ha implemented. ment.

tory reply from the employers. tbe executive is instructed, in association with other members of the Confederation of Shipbuilding and Engineering Unions, to start a national ment which instructs the negoovertime ban and one-day strikes. If this does not move

mands for the full £80 claim. the employers national committee will be recalled " to give The decision also binds negotiators to securing a reduction consideration to stepping up in the working week of one hour

year want to raise the basic craft rate from the £80 it is Mr. Terry Duffy, president, admitted that the moderate AUEW executive had been

In the probable event of this "overfurned" by yesterday's package meeting an unsatisfac- decisions from the policy-making committee. "But as I bave always said our claim is justifiable in full."

Unless there is an unexpected breakthrough with the em-ployers a detailed decision on implementing industrial action wil be made by the Confederation executive later this month. Most engineering workers, through local negotiations, earn the compaign." through local negotiations, earn Yesterday's national commore than national minimum mittee meeting then went on rates and it is uncertain how to give notice that it will next much enthusiasm there will be

for industrial action on the issue. This is one reason wby militant committee members wanted to restore other issoes, like the aborter working week, to the campaign.

new Chancellor In the City last night there was no question that the big talking point arising from Sir

Geoffrey Howe's first Budget speech was the almost totally unexpected rise of two points in Minimum Lending Rate to 14 per cent. It shows how urgent is the need to get a grip on tha current surge in private sector credit demand, and how neces-sary it is to establish a new base level from which the Government's funding programme can resume.

The initial expectations were The initial expectations were that gilt-edged will open sharply lower this morning, especially at the short end where the johhers were talking about losses of up to four points. The Government Broker will want to re-establish his loss the Treasury 114 per cent long tap Treasury 114 per cent 2001-04 at a level where he can and June together show more make large sales. And the than 21 per cent growth in sterling M3-which seems quite authorities can be expected to produce an early tap at the short end.

BOOST FOR POUND

But the most significant immediate reaction was in the foreign exchange market where sterling jumped over 2 cents against the dollar and achieved a new peak closing level of 68.0 in terms of tha trade. tary growth. 68.0 in terms of the trade. Now for the Budget arith-weighted index. the bighest metic. Adding back the since March 1976. The combin- allowance for asset sales tha ation of oil wealth and the PSBR effectively remains the bigbest short term interest same as It was last year in rates in a major financial centre money terms, at £9.25bn. The (in the U.S. Morgan Guaranty other components of the mone-

actually cut its prime rate tary equation are also likely to yesterday) is likely to prove a emerge at closely similar levels. powerful lure for foreign specu- That means sales of public have the a lators. The limited relaxations sector debt (or assets) of will boost of exchange controls announced around £9bn. Inflation has, as £700m. of exchange controls announced however, made these sums a little easier to cope with in real terms, especially with instiin the Budget are not likely to produce a major offsetting force on sterling. So the gilttutional cash flow so buoyant. edged market could be entering one of its brief periods of bectic And the element of equity disactivity.

posals with make the mlx mar-ginally more attractive to managers of the blg funds. Beyond that, the picture is much more cloudy. This was very much a Conservative Budget, in terms of its shift With long gilts yielding under 121 per cent ahead of the. Budget, we now appear to be moving into a period in which the yield curve will be down-ward-sloping. from direct to indirect taxation on a scale even more radical than expected. But it is less than radical in its change of Budgetary stance, and Sir Geoffrey's speech featured a number of tricks which becama INFLATION so familiar during Mr. Denis

THREAT .

Index fell 2.5 to 501.4

10

Old themes from a period

THE LEX COLUMN

any slowdown in wage inflation, and one of the most chilling forecasts in the Red Book is that year on year inflation could still be running at 134 per cent in the third quarter of 1980. This concern is bound to overshadow the company sector and share prices too. The imme-diate reaction last night was uncharacteristically caim—the FT 30-Share Inflat slipped back by only a point or two. There was of course, little specifically bad news in the Budget—even the rise in Petroleum Revenue URLIG SECTOR RABBOWING ACTRACT 15 fbn

full year. If banking May

controls had been extended or corporation tax increased. Big dividend winners like Unilever and Shell Transport showed

little change. The clearing banks, however, gained an unexpected boost from the MLR hike, possibla-his target could be

COMPANY SECTOR

less restrictive than the previous range of \$-12 per cent for the full 12 months. But overall the Budget does little to relieve the main pres-Moreover the Chancellor has called up the Grand Old Duke of York for yet another routa march. And he has been almost sures on the corporate sector of The rise in interest costs comes at a tima when manufacturing as reluctant as Mr. Healey ever-was to make firm quantitative companies are running a size-able and increasing financial course of the PSBR and monedeficit. By pushing up sterling even further it makes exporters still less competitive and will cause companies to fear more than ever the coming wage round. At least the major broking houses are not inclined to make any serious cuts in their profit forecasts, and the near doubling of VAT does have the silver lining that it will boost liquidity by as much

> With credit being squeezed, companies will still be tempted to tap the rights issue market as much as possible. And they could soon have a big rival muscling into the queue, for the Government has no reason to hang around before unload-

ing some BP shares. This Budget could be setting the stage for a sustained improvement in the financial structure of the economy over the longer term. If the strategy works the tax changes could -bave a much bigger impact on the arithmetic in 1980-81. But the financial markets have to hump befo

DC-10 approval bid likely U.S. can keep

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

EUROPEAN governments may worthiness administrations is precise technical reasons for soon approach the U.S. Federal anxious to take unilateral grounding the DC-10s.

uavs of discussions in Strasbourg this week. On Mooday, the airlines in Europe using DC-10s, including Alitalia, British Caledonian, Laker, Lufthansa, KLM, Swissair and UTA of France, discussed been given the approval of their respective governments for and agreed that they believed the aircraft was safe. such a move.

The Europeans are clearly not anxious to move without the Yesterday, the airworthiness authorities represented in the European Civil Aviation Confer-ence, including the UK's Civil Aviation Authority, considered the airlines' views, and their own inspectors' reports on the DC-10.

not anxious to move without the tacit approval of the FAA. They said their trust in the They are not legally hound aircraft remained intact, and to follow the FAA's recom- they requested their govern-mendations or mandatory in- ments to put pressure on the wn inspectors' reports on the structions of manuatory in- ments to put pressure on the in practice will do so, until into the air "as soon as pos-None of the European air- informed in detail of the FAA's sible."

Keep sanctions, Vance urges

Fiat plans £100m Polish deal

cifically designed small 600 and

900 cc cars based on Fiat's so-called "zero" model for the

In turn, Poland is to supply

Fiat on a one-for-one compen-

sation basis with the small Fiat 12fi whose production the Turin

group proposes to phase out in

Italy to concentrate on the new "zero" model. Poland currently

assembles 200,000 Fiat 126s

annually. The Fiat venture with Poland,

where the Turin group has a

long-standing presence, is also understood to involve the con-

struction of a new pick-up truck for the Polisb market.

Because of the barter nature

BY DAVID BUCHAN IN WASHINGTON

MR. CYRUS VANCE. the U.S. recognised legal authority" of mise, perhaps by leaving the Secretary of State, told Britain in its breakaway final say to Congress. Congress yesterday it was colony. Sourcess were to take the on the Senate rote of 75 to 19 on May 15 that Rhodesia had "substantially complied with" on Zimbabwe Rhodesia now, When answering a Senator's congressional criteria—calling arguing this would put the U.S. question, be said that if for free and fair elections and dangerously out of step with Congress were to give the willingness to negotiate with the Britain. Mr. Vance made an eleventh, period of grace until Decem-removing sanctions.

BY PAUL BETTS IN ROME

The deal, which follows Mon-

its annual car output from 1.4m

to about 2m cars through a policy of broad international

integration and rationalisation.

acther with the SEAT deal is seen as Fiat's answer to moves by other leading international

car manufacturers, is thought to

Budget after the 1970 general

election. "This is rather lika

The Scottish National Party

Continued from Page 1

Gamble

Mr. Callaghan said.

omics of Scotland.

The Polish venture, which to-

Britain. Mr. Vance made an eleventh-bour effort before Senate and ber, Mrs. Thatcher's Govern-House Foreign Relations Comment would almost certainly bea two-thirds Senate majority for U.S. aircraft flying to and mittees yesterday to head off have to show its hand when the to override a Presidential veto. attempts to override the Presi- British sanctions orders on But this is much less likely in dent's decision last week to let Zimbabwe Rhodesia came up the House of Representatives. sanctions remain for the time for renewal in the House of being. The Senate, where anti-sanctions sentiment runs high. The U.S., he said, shou The U.S., he said, should not amendment calling for an im- plicate its position, particularly reasons behind President Car-mediate end to the trade boy- not before the Commoowealth ter's decision last week. Mr. conference in Zamhia cott. Stressing the damage that dealt with the issue in August. ending sanctions now would do But Senator Frank Church, to U.S. political and economic chalrman of the Senate foreign interests in black Africa, Mr. relations committee, told the Vance made it clear that the State Department chief flatly Carter Administration wanted that in his opinion, the President to do nothing out of tandem did not have enough votes in the with the British Government Senate to maintain sanctions, Lifting sanctions now would nniess the Administration was undermine the internationally prepared to make some compro-

FIAT. ITALYS largest private involve the sale of completely

about to sign a co-operation Polish and eventually other

markets.

examined their aircraft in accordance with the FAA's re-

quirements and are satisfied

that they are safe to fly.

removing sanctions. By that measure, there would

base By Jimmy Burns in Lisbon PORTUGAL HAS agreed to the continued use by the U.S. of the

strategically important Lajes ir hase on the Azores. The Portuguese Foreign The Portuguese Foreign Ministry said yesterday that formal notes would be exchanged in Lisbon next Monday between Sr. Freitas Cruz, Portuguese Foreign Minister, and Mr. Cyrus Vance, U.S. Secretary of State. The Lajes air base theoretically beloogs to Portugal but its continued use hy the U.S. will be guaranteed within the framework of NATO member.

Azores

framework of NATO memberagreement hetween the two countries. This expired two

countries. This expired two months before Portugal's revolu-tion overthrew nearly half a century of Right-wing dictator-sbip. The Azores is in mld-Atlantic, 950 miles west of Lisbon. Its strategic importance hoth for the U.S. and NATO is un-disputed. The base-manned by 1,500 US personnel-monitors Soviet

U.S. personnel-monitors Soviet submarine movements in the Atlantic and provides logistic support for the U.S. Sixth Fleet. It is also a vital refuelling stop

ft and artille attacked guerrilla strongbolds in Managua as Nicaraguan trnps fought to regain control of the capital, Page 5

Pedal power

Californian cyclist Bryan Allen pedalled a 55lb plastic aircrait from Folkestone to Cape Gris Net to win a £100,000 prize for the first manpowered cross-Channel flight. Page 8

Doctor sought

Scotland Yard were seeking a London doctor whose missing bride could he the woman whose dismembered body was found in a Brussels dustbin, 150 yards from their honeymoor hotel.

Refugees arrive

The first of the Victnamesc boat people rescued by the British freighter Sibonga arrived at their temporary home at a converted RAF camp at Sopley, near Bourneenterprise with consolidated knocked down packages of spe-salcs L13,000bn (57.36bn) last cifically designed small 600 and year and employing nearly 350,000 pcople, is thought to be

Wayne tributes

deal with Poland worth at least £100m, involving a new small Hollywood paid tribute to actor John Wayne, Western film tough-guy and star of more than 200 films, who died aged car for the Polish market. 72 after battling with cancer day's agreement between Fiat for 15 years. Page 17 and the Spanish SEAT group. forms part of the Turin con-glomerate's allempts to increase

Gangland deaths

A pedestrian was killed and another badly injured in Paris when they were hit hy a car after the driver was shot in an apparent gangland murder.

BUSINESS

Home loans

buoyant

 BUILDING SOCIETY loans last month reached their highest since November last year, with £755m adavanced against £684m in April, but Building Societies a re-run of an olo film, and we all know how that film ended," Association clucf warns that long queues still remain. Page S

• OECD foreign and finance ministers begin their two-day annual meeting in Paris today to review the world's economy.

 CHRYSLER UK bas offered its 23,100 workers a 13 per cent pay package in reply to union claims for between 22 and 25 per cent. Page 9 dubbed "a bootstrap budget." described the Budget as

COMPANIES

ALLIED BREWERIES reports pre-tax profits of \$123.5m for the 17 months to March 3 on sales of £2.2bn. Page 28

ASSOCIATED NEWSPAPERS pre-tax profits for the year to March 31 rose from £15.46m to £21.33m, after further improve moire u ment in the second ralf. Page 28 autumn.

where pro- and anti-sanctioos are more evenly lobibes divided.

tration would be flexible. It would continue to coosult closely with the UK, It would report to Concress each month any progress, and It would on maintain contact with the new Salishury Government of Prime Minister Muzorewa through a U.S. official operating from the U.S. embassy in South Africa.

of the deal, it is hard to put a

firm figure on it. But last month,

the Italian authorities agreed to

convert a \$170m suppliers credit

to Poland into a buyers credit

line largely to back up the Fiat

The venture is expected to in-

tion by about 100,000 cars,

which would be added to the 400.000 cars a year the Turin group bopes will eventually be produced by SEAT in Spain.

This would raise Fiat's annual

Japanese manufacturers. Flat lifts market shares in

Europe Page 35.

used in an airlift of U.S. military supplies to Israel. At the time a number of NATO member countries were refusing to lend their facilities for fear of Arab retaliation.

The notes confirming the agreement are expected to be accompanied next Monday by a provision for U.S. milltary and economic assistance to Portugal, reliably valued at \$140m (£70m). This is expected to ba split

as follows:

@ \$60m of military assistance. rain. Brighter later. mainly bardware, intended for Portugal's NATO hrigade and air force. This will bring total U.S. military aid to Portugal since 1976 to approximately S150m. The Portuguese Air Force has for some time been (59F). interested in purchasing Nor-throo F-5s to boost its air capability;

• SSOm in direct economic assistance to Portugal over the next four years. This will be used by the Portuguese Govern ment for development projects on the Azores although the pre-(84F) The venture is expected to in-crease Fiat's annuat car production he agreed with the Azorean regional authorities at some

later date. The formal agreement extending the U.S. use of Lajes has heen delayed hy the political iostability and ever-changing car output close to the 2m level which Sig. Giovanni Agnelli, the Fiat chairman. regards as "essential" to meet the grow-ing challongs for the state of the aid package, ing challongs for the state of "essential" to meet the grow-ing challenge from U.S. and with both the Azorean regional authorities and the Portuguese armed forces both pressing for l a more generous share.

7-11 per cent growth range to

eather-

UK TODAY

S.W. England, S. Wales

England

WORLDWIDE

79 Lisbon all Lacarno Si Landan 30 Likmbg. 37 Likmbg. 37 Likmbg. 38 Madrid 33 Melage 38 Marita 39 Michatr. 73 Michatr. 73 Michatr. 73 Michatr. 65 Milen 73 Machatr. 70 Melbas. 66 Milen 73 Nascatr. 70 Neibas. 59 Nunich 63 Neirobi 59 Nunich 63 Neirobi 59 Nunich 63 Neirobi 59 Nunich 69 Oslo 69 Oslo 69 Peris

73 Naples 56 Nwcst), 57 N. York 55 Nice 70 Niceola 50 Niceola 50 Niceola 50 Niceola 50 Perth 52 Perth 55 Ravkivk, 81 Rhodes 56 Rawkivk, 83 Rio J'o 58 Raine J'o 58 Raine J'o 58 Raine J'o 58 Raine J'o 59 Ravkivk, 31 Strasb'g 70 Strasb'g 71 Strasb'g 74 Langler

64 Tangtar 57 Tal Avin 70 Tenarite 77 Takya 77 Taranto 61 Tunis 61 Valancia 81 Valancia 81 Valancia 83 Vienta

41 Werse 73 Zurich

Outlook: Little change.

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Algiers Algiers Amadm. Athana Behrain Beirut Beigad. Barlin Alaeritz Anghm. Alaerkp¹ Aordx. Boristol Bristol Bristol Brussels Audost. B. Aires Carlo Cardin Cas'b'ca

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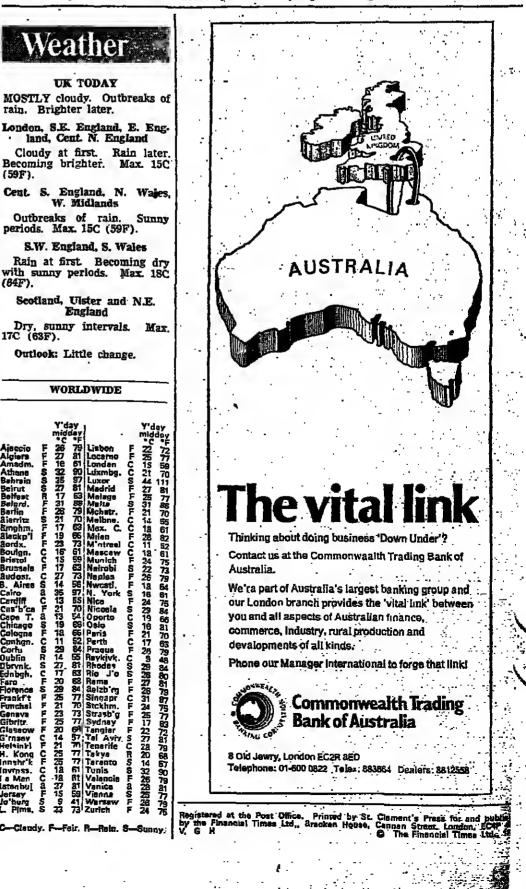
Geneva

17C (63F).

(the bulk of which will be BP changes. The Budget will shares). He has fudged his directly add 4 per cent to retail monetary targets by applying prices in the third quarter this a 10-month period rather than Treasury sees little prospect of higher.

arkei

b over a So Sir Geoffrey has applied adapted to the inevitability of can freewheel down the other cosmetic treatment to the public a temporary surge in inflation sector borrowing requirement brought about largely by oil by writing in fibm of asset sales prices and once and for-all tax ment of the next wage round; and the equity market, yielding just over 5 per cent, faces formidable competition from year. The worry is that the money market rates 9 points :



Continued from Page 1

Union leaders give pay warning earned less than the £100 a week for higher prices and fover jobs, standards, said Mr. Ken Gill,

lor: "The wife of the family at the end of the week will tell ber husband whether he is better or worse off. That is

In Mr. Healey's view, Sir Geoffrey'6 tactic was like rewhat influences pay claims, not doubling on a busted flusb. any theoretical calculation." In a statement from the Left The point was echoed by Mr. wing Tribune Group, Chancellor's statement

the

was

Len Marray, general secretary of the TUC, who said the Chan-cellor might "live to regrat his Budget, as he lived to regret th eIndustrial Relation, Act he wrote." People tend to forget tax reductions and look at what

recipe for unemployment in Scotland." It was regarded as a is bappening to prices in the Budget more suited to the wealthy living in the south-east shops. of England than to the econ-"The Chancellor bas chosen a high price, low income tax economy. I am very very dubious about the incentive

The combloation of public expenditure cuts and the increased effect of a cut in the standard Bank Rate could only lead to moire unemployment in the rate."

average quoted by the Chancel- and an attempt to bite into the Communist general secreemployment.

> came from Mr. Gcoffrey Drain, the moderate geoeral secretary the National and Local of Government Officers Associa-tion. He called for "the

strongest possible constitutiooal resistance to the Chancellor's diabolical proposals." The unions should campaign

as they did at the time of the Industrial Relations Act against this " prescription of wholesale ucemployment and massye inflation." The sale of public assets would lead to a bonanza for private greed and public stagnation, he claimed.

ate." Wage claims of 25 per cent out-turn The Budget was a prescription would be needed to hold living bargaining.

wages by lbreatening workers' tary of the white-collar section TASS of the engineering workers. "The Tories have

One of the fiercest reactions looked after their own. "In the Chancellor's own words, the Budget is designed to put a check on the growth of output and employment. In plain English that means more unemployment," he said.

could be unemployed by the end of the year, said Mr. Tom Jackson, general secretary of the Union of Post Office Workers. "Reduced taxation has never prevented unions from seeking increases in pay. We will try to get our increases in line with the equivalant rise in the RPL That will be the

مكذامن لإجل

of this year's C-Claudy. F-Feir. R.

Up to another 250,000 workers

Glasson G'rnsev H. Kong Innshrik Invipss. I a Man latenbu] Jersey Johung L. Pims,